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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2001 to 30 June 2002 (A/57/667) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/687 and Corr.1). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. UNFICYP was established by the Security Council in its resolution 186 (1964) of 4 March 1964. From its inception until 15 June 1993, the costs of the Force were met by the Governments providing contingents, the Government of Cyprus and voluntary contributions to UNFICYP. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making annual contributions of $6.5 million.

3. **In its general report, the Advisory Committee has commented extensively on the results-based budgeting format, including the need for realistic statements of expected accomplishments and indicators of achievement. In its report on the proposed budget for UNFICYP for the period from 1 July 2002 to**

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30 June 2003, the Committee welcomed the steps taken to present the UNFICYP budget in a results-based format (A/56/887/Add.4, para. 21).

4. **In the current presentation, however, other problems have arisen. For example, expected accomplishments and indicators are at a high level of aggregation, even in the support component where there is room to be more specific, including the setting of target benchmarks. The representatives of the Secretary-General acknowledged this weakness and agreed that in the next submission, the formulation would be more specific.**

I. Financial performance for the period from 1 July 2001 to 30 June 2002

5. The amount approved by the General Assembly in its resolution 55/266 of 14 June 2001 for the maintenance of UNFICYP for the period from 1 July 2001 to 30 June 2002 was $42,389,220 gross ($40,697,146 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece as well as $1,240,621 gross ($1,088,767 net) for the support account for peacekeeping operations and the amount of $129,599 gross ($116,379 net) for the United Nations Logistics Base at Brindisi, Italy. Expenditure amounted to $40,288,400 gross ($38,799,400 net), resulting in an unencumbered balance of $730,600 gross ($692,600 net) or 1.8 per cent of the amount appropriated. The unencumbered balance of $730,600 gross ($692,600 net) resulted from reduced requirements under military and police personnel ($460,500) and civilian personnel ($934,400), offset by increased expenditure under operational requirement ($664,300).

6. The Advisory Committee notes that the budget implementation does not normally lead to large unencumbered balances at UNFICYP. However, the performance report on the budget of UNFICYP for the period from 1 July 2001 to 30 June 2002 shows savings on or cancellations of prior obligations of $3.6 million (A/57/667, sect. II.B). The Committee notes that this amount is proportionally large compared with the budgets of the Mission to which these amounts relate. With respect to the period ending 30 June 2002, the Committee was informed that, as of 28 February 2003, unliquidated obligations amounted to $1.4 million.

7. **The Advisory Committee requests that in future the additional information provided to the Committee should contain a breakdown of savings from prior year obligations so as to enable the Committee to monitor the extent to which obligations are verified prior to obligating the funds as well as to understand the reasons that lead to savings on or cancellation of prior-period obligations.**

8. The comments of the Advisory Committee on the information contained in the performance report (A/57/667) on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget (A/57/687 and Corr.1) in the paragraphs below.

II. Information on Performance for the current period

9. The Advisory Committee was informed that, as at 5 March 2003, the cash position of UNFICYP amounted to $16.5 million. Assessments on Member States

for the period from 16 June 1993 to 15 June 2003 amounted to $223.9 million, payments received totalled $197.3 million and the amount outstanding was $26.6 million, as at 31 January 2003. Total unliquidated obligations for the period from 1 July 2001 to 30 June 2002 were $1.6 million, as at 28 February 2003.

10. The Advisory Committee was informed that, as at 31 January 2003, the amount of $141.1 million was reimbursed for troop costs for the period from 16 June 1993 to 31 July 2002 and that the amount owed for the period from 1 August 2002 to 31 January 2003 was $8.2 million.

11. The Advisory Committee was also informed that, as at 31 January 2003, $5.8 million was reimbursed for contingent-owned equipment; the estimated amount owed was $2.1 million; outstanding claims amounted to $2.1 million; and unliquidated obligations for contingent-owned equipment amounted to $1.8 million. As regards death and disability, 23 claims have been settled, amounting to $1.2 million; and the balance of obligations amounts to $678,000 with two claims remaining to be settled.

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2001 to 30 June 2002 as at 28 February 2003 (see annex). Expenditure for the period amounted to $34,865,600 gross ($33,921,400 net) against an apportionment of $43,652,700 gross ($42,016,500 net).

III. Cost estimates for period from 1 July 2003 to 30 June 2004

13. An amount of $45,686,700 gross ($43,914,000 net), inclusive of budgeted voluntary contributions in kind amounting to $1,318,300, has been requested. This represents a 1.6 per cent increase ($715,700) in gross terms in relation to the apportionment for the current period from 1 July 2002 to 30 June 2003.

A. Military and police personnel

14. The cost estimates for the military and police personnel for the period from 1 July 2003 to 30 June 2004 amount to $21,043,300, representing a decrease of $97,300 when compared with the amount of $21,140,600 approved for the period from 1 July 2002 to 30 June 2003. Expenditure for the military and police personnel for the period from 1 July 2001 to 30 June 2002 amounted to $20,169,200 of the $20,629,700 approved (A/57/667, sect. II.A). The Committee notes that an amount of $31,400 was saved under civilian police owing to the fact that deployment travel was arranged by UNFICYP instead of Headquarters, as originally planned (A/57/667, sect. III, para. 7). Upon enquiry, the Committee was informed that this was possible because UNFICYP is located in an area where vendors could be contracted. **The Committee requests that similar opportunities should be sought at other missions wherever it is determined that missions procure such services locally.**

B. Civilian personnel

15. With regard to staff resources, the Advisory Committee notes that 155 posts are proposed for the period from 1 July 2003 to 30 June 2004, an increase of 6 posts

over the 149 posts proposed for the period from 1 July 2002 to 30 June 2003 (A/57/687, sect. II.B.2). The increase includes the upgrade of one post, from P-5 to D-1, and the reclassification of seven international posts, primarily from the Field Service to the Professional category, as a result of the classification exercise completed by the Office of Human Resources Management in April 2002. The six new additional posts consist of three international posts (1 P-5, 1 P-2 and 1 Security Service post) and three national posts.

16. The Advisory Committee notes that the new P-5 post is for the Chief of Staff, who will ensure more effective United Nations operational command and control of the Force and act in place of the Force Commander during periods of absence on leave or duty (A/57/687, sect. III, para. 7). **The Committee recommends against this post for the reasons given in the general report.**

17. The Advisory Committee also notes that the new P-2 post is for an Associate Information Officer to assist the spokesperson in meeting the additional workload resulting from the acceleration of negotiations and related media interest in the situation in Cyprus (A/57/687, sect. III, para. 7). Upon enquiry as to why the Mission did not request a National Officer post for the purpose, the Advisory Committee was informed that the incumbent would have to be able to go to both communities. **The Advisory Committee is of the opinion that, at this stage, the need for the post is not justified.**

18. The new Security Service post is required to regularize security functions previously carried out on a temporary and ad hoc basis by a military officer (A/57/687, sect. III, para. 7). **The Committee has no objection to the establishment of this post.**

19. As indicated in paragraph 8 of the proposed budget (A/57/687, sect. III), the upgrading of the post of the Chief Administrative Officer from P-5 to the D-1 level is to bring it to the same level as corresponding posts in other "small to medium-sized missions". **The Advisory Committee recommends against the upgrade of the post of Chief Administrative Officer from P-5 to the D-1 level.**

20. With regard to the reclassification of four Field Service posts to the Professional category, the upgrade of the post of Chief Civilian Personnel Officer from P-3 to P-4 and the transfer of two General Service posts to the Field Service category, the Advisory Committee notes that no functional analysis or explanation has been given for these changes. **The Committee recalls that in its observations on the report of the Joint Inspection Unit it requested the Secretary-General to 'expedite the completion of the review of the Field Service category and to submit his comprehensive proposals in this regard to the General Assembly at its fifty-eighth session as recommended by the Joint Inspection Unit" (A/57/434, para. 4). The Committee intends to follow up on this matter in the context of its review of peacekeeping budgets in February 2004. Under the circumstances, the Committee recommends against the proposed changes pending consideration of the report to be submitted by the Secretary-General on the Field Service category. The Committee has no objection to upgrading the post of Chief Civilian Personnel Officer.**

21. As indicated in the proposed budget (A/57/687, para. 10), three new national staff posts are requested for an Inventory and Supply Clerk, a Communications Engineer and a Network Administrator. Additional clarification provided to the

Committee did not supply justification for the establishment of the three new national staff posts. **Accordingly, the Advisory Committee recommends against the establishment of the three national staff posts.**

22. The Advisory Committee has regularly commented on delegation of authority to missions, and since UNFICYP has existed for 39 years, the Committee enquired about the extent to which authority to perform a variety of activities had been delegated to it. The Committee was informed that with regard to staff recruitment, all international recruitment is done at Headquarters; short lists are sent to UNFICYP to make the selection. The Committee was further informed that, in the area of procurement, the Mission has been delegated the authority to enter into, on behalf of the United Nations, all actions for the procurement of goods and services up to the limit of $50,000 without the approval of the Local Committee on Contracts, and up to $200,000 with the approval of the Local Committee on Contracts. With regard to finance, the Mission has been delegated authority to redeploy funds between classes within the three budget categories of military and police personnel, civilian personnel and operational costs, subject to certain limitations.

C. Operational costs

23. With regard to training, the Advisory Committee was informed that for the period from 1 July 2003 to 30 June 2004, 116 staff are to be trained at a cost of $161,700, including travel related costs of $80,500. For the period from 1 July 2002 to 30 June 2003, the Advisory Committee was informed that 93 staff were to receive training. For the period from 1 July 2001 to 30 June 2002, 49 staff were trained at a cost of $79,300, including travel related costs of $47,400. For the period ending 30 June 2001, 39 staff were trained. Thus, in four years, the Mission trained a total of 297 staff, inclusive of 55 staff in communications and information technology.

24. The Advisory Committee was informed that travel costs for the internal auditors of the Office of Internal Oversight Services in the amount of $10,500 was included in the estimate of $80,500 for official travel for the 2003-2004 period. The Committee was also informed that the inclusion was an error, as all audit costs have been consolidated in the estimates for the support account for peacekeeping operations. **The Committee recommends the deletion of that amount from the estimates for UNFICYP for the 2003-2004 period.**

25. **The Advisory Committee notes that the "accomplishment" for training has been invariably described as "increased efficiency and effectiveness in supporting the Mission". The Committee notes from the additional information provided to the Committee that training activities in almost all cases comprise management and technical training and that in most cases the number of staff trained in particular functions in four years would appear in excess of the number of related positions as indicated in the staffing table. Since UNFICYP is not subject to the large vacancy factors experienced in other missions, the Committee requests that it monitor more closely how use is made of the staff who have been trained. Secondly, efforts should be made to set priorities in UNFICYP training activities as opposed to what appears to be an attempt to train extensively in every aspect of mission operational activities.**

26. Under communications, the amount of $885,500 is requested for the period from 1 July 2003 to 30 June 2004, representing an increase of $60,000 or 7.3 per cent when compared with the amount of $825,500 approved for the period from 1 July 2002 to 30 June 2003. The increase is due primarily to higher transponder and leased-line charges to cover the increase in bandwidth specifications, which is required for the implementation of new information technology and communications systems (A/57/687, sect. III, para. 15). Expenditure for communications for the period from 1 July 2001 to 30 June 2002 amounted to $799,800. In view of the fact that the modernization programme has already been undertaken, the Committee enquired as to what else would be needed under the new information technology and communications system referred to in the proposed budget (A/57/687, para. 15). The Committee was informed that the estimate related more to the increase in commercial communications charges to support the existing information technology systems, rather than the implementation of new and additional systems.

27. The amount of $717,200 is requested for information technology for the period from 1 July 2003 to 30 June 2004, representing a decrease of $140,800 or 16.4 per cent when compared with the amount of $858,000 approved for the period from 1 July 2002 to 30 June 2003. The decrease is due mainly to lower requirements for the replacement of data-processing equipment. Expenditure for information technology for the period from 1 July 2001 to 30 June 2002 amounted to $369,400.

28. With regard to the support provided by UNFICYP to the United Nations and non-United Nations entities in the Mission area for the period from 1 July 2001 to 30 June 2002, the Advisory Committee noted from the additional information provided to the Committee that, except in a few instances, no reimbursable amount was indicated. This shows a lack of monitoring of the cost of services rendered by the Mission to others. **The Committee requests the Mission to set up a simple practical mechanism to seek reimbursement. UNFICYP should seek guidance from the United Nations Logistics Base at Brindisi, including the method used to compute services.**

IV. Recommendations of the Advisory Committee

29. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2001 to 30 June 2002 is indicated in the performance report (A/57/667, para. 15). **The Advisory Committee recommends that the unencumbered balance of $730,600 gross ($692,600 net) for the period from 1 July 2001 to 30 June 2002, as well as the interest and other income in the amount of $4,651,000 be credited to Member States in a manner to be decided by the General Assembly.**

30. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2003 to 30 June 2004 are indicated in the budget report (A/57/687, para. 19). **Taking into account its recommendations in the paragraphs above, the Advisory Committee recommends that the General Assembly: (a) approve the appropriation of $43,798,800 gross ($42,096,500 net) for the maintenance of UNFICYP for the 12-month period from 1 July 2003 to 30 June 2004, including $20,532,200 to be**

funded from voluntary contributions from the Government of Cyprus ($14,032,200) and the Government of Greece ($6.5 million); and (b) approve the assessment of $23,266,600 gross ($21,564,300 net) at a monthly rate of $1,938,883 gross ($1,797,025 net), should the Security Council decide to continue the mandate of the Force.

Annex

United Nations Peacekeeping Force in Cyprus: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	20 933.8	19 721.6	1 212.2
Civilian police	206.8	143.8	63.0
Formed police units	-	-	-
Subtotal, line 1	**21 140.6**	**19 865.4**	**1 275.2**
II. Civilian personnel			
International staff	5 426.2	3 503.9	1 922.3
National staff	4 004.2	2 678.6	1 325.6
United Nations Volunteers	-	-	-
Subtotal, line 2	**9 430.4**	**6 182.5**	**3 247.9**
III. Operational costs			
General temporary assistance	50.0	62.5	(12.5)
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	163.2	102.4	60.8
Facilities and infrastructure	4 665.9	2 744.1	1 921.8
Ground transportation	1 872.1	1 418.0	454.1
Air transportation	1 433.4	1 368.2	65.2
Naval transportation	-	-	-
Communications	825.5	522.6	302.9
Information technology	858.0	400.5	457.5
Medical	219.5	154.8	64.7
Special equipment	285.6	-	285.6
Miscellaneous supplies, services and equipment	2 708.5	2 044.6	663.9
Quick-impact projects	-	-	-
Subtotal, line 3	**13 081.7**	**8 817.7**	**4 264.0**
Gross requirements	**43 652.7**	**34 865.6**	**8 787.1**
Staff assessment income	1 636.2	944.2	692.0
Net requirements	**42 016.5**	**33 921.4**	**8 095.1**
Voluntary contributions in kind (budgeted)	1 321.2	-	1 321.2
Total requirements	**44 973.9**	**34 865.6**	**10 108.3**

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Corrigendum

1. **Paragraph 12, first sentence**

   For 1 July 2001 to 30 June 2002 *read* 1 July 2002 to 30 June 2003

2. **Paragraph 24, first sentence**

   For $80,500 *read* $277,000

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Interim Administration Mission in Kosovo

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Interim Administration Mission in Kosovo

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2001 to 30 June 2002 (A/57/678) and the proposed budget for the maintenance of the Mission for the period from 1 July 2003 to 30 June 2004 (A/57/679 and Corr.1). During its consideration of the reports, the Committee met with representatives of the Secretary-General, including his Principal Deputy Special Representative and the Director of Administration of the Mission, who provided additional information and clarifications.

2. In examining the reports of the Secretary-General, the Advisory Committee has paid particular attention to issues of budget preparation, budget implementation, monitoring and control. In the context of the present presentation, the Committee has also paid attention to the matter of adequate explanation of budget performance changes and proposed budget estimates.

I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. As shown in section II.A of the financial performance report (A/57/678) expenditures for the period from 1 July 2001 to 30 June 2002 totalled $360,248,000

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gross ($334,259,000 net of staff assessment income), resulting in an unencumbered balance of $39,752,000 gross ($39,245,800 net), approximately 9.9 per cent of the gross amount of $400 million appropriated (10.5 per cent of the net amount of $373,504,800 appropriated). For the period 2001/2002, the unencumbered balance ($39.8 million gross) plus other income ($23.9 million) amounts to $63.7 million. For 2000/2001, the unencumbered balance ($66.5 million gross) plus other income ($29 million) amounted to $95.5 million (see A/56/887/Add.6, para. 5, and A/56/763, annex I).

4. The Advisory Committee recalls that the original estimate of the Secretary-General for 2001/2002 was $448.8 million (see A/55/833), and, as recommended by the Committee, the General Assembly appropriated $400 million for the Mission for 2001/2002. Taking into account the unencumbered balance for 2001/2002, the estimates appear to have been overstated by $88.5 million, or 19.7 per cent of the original estimate.

5. For the period 2001/2002 unliquidated obligations as at 30 June 2002 amounted to $33.4 million.[1] Upon enquiry, the Committee was informed that as at 28 February 2003 unliquidated obligations amounted to $15 million, which represents an improvement. In paragraph 9 of its report of 4 April 2002 on UNMIK (A/56/887/Add.6) the Committee had called for improvement in budget monitoring, accounting and proper recording of expenditures in the Mission. The Committee continues to note from the performance report numerous instances of budget overruns or underexpenditure that were inadequately explained both in the published document and in the additional information given to the Committee. The Committee will comment further on the subject in its general report on the financing of peacekeeping operations, to be issued in the spring of 2003 under the symbol A/57/772.

6. **The Committee points out that the Mission needs to ascertain more accurately the validity of obligations before funds are retained. The Committee is aware that underexpenditure in UNMIK could result from numerous factors, including increased productivity and inefficient administrative procedures at Headquarters and in the Mission area. This situation should be addressed in the context of the next financial performance report.** The comments of the Committee on the information contained in the performance report for 2001/2002 on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for 2003/2004 in section III below.

II. Information on performance for the current period

7. The Advisory Committee was informed that reimbursement for costs related to troops and formed police units up to 31 March 2002 totalled $24,511,400, while the amount owed for the period from 1 April 2002 to 31 January 2003 was $13,611,700. With regard to contingent-owned equipment, the Committee was informed that, as at 28 February 2003, $4,121,300 had been reimbursed, and the estimated amount owed was $8,270,300 ($4,398,400 in accounts payable and $3,871,900 in outstanding claims), while unliquidated obligations totalled $5,750,600. In respect of death and disability compensation, $363,000 had been paid as at 28 February 2003 for 11 claims, 29 claims were pending, and unliquidated obligations amounted to $4,284,000.

8. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex I below). Expenditure for the current period amounted to $225,003,600 gross ($208,284,500 net), against an apportionment of $330,000,000 gross ($307,031,100 net).

9. The Advisory Committee was informed that contributions assessed from inception to 30 June 2003 amounted to $1.565 billion. Payments received from inception to 31 January 2003 were $1.307 billion and amounts outstanding $257.8 million.

10. The Advisory Committee was provided with the following table showing incumbency as at 28 February 2003:

Category of personnel	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military observers	38	38	-
Civilian police	3 515	3 171	9.8
Formed police units	1 203	1 206	(0.2)
International staff	1 227	1 009	17.8
National staff	3 504	3 245	7.4
United Nations Volunteers	250	210	16.0

[a] Represents the highest authorized strength for the period.

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

11. The budget for UNMIK for the period from 1 July 2003 to 30 June 2004 amounts to $315,518,200 (see A/57/679 and Corr.1, sect. II.A.1). Financial resources for the period 2003/2004 are requested under three major categories of expenditure: military and police personnel ($117,364,000), civilian personnel ($145,295,200) and operational costs ($52,859,000) and provide for the deployment of 38 military observers, 3,400 civilian police, 1,203 special police, 1,049 international staff, 3,130 national staff and 250 United Nations Volunteers.

12. **The Advisory Committee points out that the budget report lacks information on standard and mission-specific costs. The Committee did not receive the Standard Cost Manual. The Committee was informed that since the Manual had not been revised regularly to take into account past experience, its value had diminished. The Committee was further informed that in some missions, such as UNMIK, the estimates were prepared on the basis of average costs for the Mission, as the information in the Manual was no longer applicable and would have led to overestimates; in some other missions, however, the Committee was informed that the use of standard costs would have led to the budgeting of insufficient funds for 2003/2004. The Secretariat informed the Committee that the Manual was being revised and updated to improve its usefulness.**

1. Military and police personnel

13. An amount of $117.4 million is requested for 2003/2004 for military and police personnel, 0.9 per cent less than the approved budget of $118.5 million for 2002/2003 (ibid.). Expenditure for 2001/2002 amounted to $125.5 million, reflecting an overexpenditure of 0.5 per cent relative to the $124.9 million apportioned under this category of expenditure.

14. The Advisory Committee notes from the performance report for 2001/2002 that for civilian police the actual vacancy rate was 4 per cent, as compared with the 5 per cent projected in the budget for 2001/2002 (see A/57/678, para. 5). Upon enquiry, the Committee was informed that the Mission was able to get civilian police more readily than hitherto; that there was greater support from police-contributing countries; and that agreement had been obtained to train police personnel before deploying them to UNMIK, thus reducing the incidence of disqualification of police upon arrival for mission duty. **The Committee recommends that the lessons learned from this experience be disseminated to other missions with a similar police component in their mandates.**

15. The Advisory Committee was informed that the Kosovo Police Service (KPS) had taken over a number of functions from UNMIK and, accordingly, one formed police unit would be repatriated at the end of December 2003. Planned reductions for military and police personnel amount to $1.1 million for 2003/2004. The Committee was further informed that, in accordance with the transition plan, more functions performed by the remaining nine formed units would be handed over gradually to KPS. The Committee notes from the report of the Secretary-General to the Security Council of 29 January 2003 that the strength of KPS was more than 5,200 officers (see S/2003/113, para. 23). **The Committee observes that the effect of the implementation of the transition plan on the estimates for 2003/2004 and for the subsequent period is not clearly described and requests that this deficiency be remedied in the next budget report.**

16. The Advisory Committee recalls that it had requested that mission factors that apply to monthly reimbursement rates be carefully reviewed in all missions and, if warranted, adjusted in accordance with changes in the operational conditions in the mission area (see A/56/887, para. 37). **The Committee points out that the mission factor should have been clearly indicated in the report.**

17. As regards contingent-owned equipment, upon enquiry, the Advisory Committee was informed that as at 31 December 2002, $7.5 million was owed, comprising $4.4 million in accounts payable and $3.1 million in outstanding claims that had yet to be processed. The Committee was provided with an ageing analysis of outstanding claims as at 28 February 2003 (see annex II below). As the financial period ended on 30 June 2002, the Committee considers that the review of these claims has taken too long. The Committee will comment further on the matter in its general report on peacekeeping matters.

2. Civilian personnel

18. An amount of $145.3 million is requested for 2003/2004 under civilian personnel, 12.6 per cent less than the $166.3 million apportionment for 2002/2003 (see A/57/679 and Corr.1, sect. II.A.1). Expenditure for 2001/2002 amounted to

$184.8 million, reflecting an underexpenditure of 18.5 per cent relative to the $226.7 million apportioned under this category of expenditure.

19. As in the previous period, for 2001/2002 the unencumbered balance relates mainly to the underexpenditure of $41,938,700 for civilian personnel costs, owing to higher-than-anticipated vacancy rates among international and national staff, as well as to the appointment of international staff at lower levels than authorized and the discontinuation of hazardous duty station allowances from all regions in the Mission area but one.

20. The vacancy rates for 2001/2002 were 11 per cent for international staff and 9 per cent for national staff, as compared with the vacancy factors of 5 per cent for international staff and 2 per cent for national staff projected in the budget estimates (see A/57/678, paras. 7 and 8).

21. The Advisory Committee notes that large underexpenditure in the civilian personnel component of the Mission resulted from the use of New York standard costs for the budget of UNMIK for 2001/2002, in addition to higher average vacancy rates than those budgeted for and the termination of payment of hazard allowances. The Committee was informed that for the budget for 2003/2004 the estimates were prepared using average costs for the Mission, taking into account experience during implementation in past periods.

22. The Advisory Committee notes that in UNMIK the recruitment of international staff has consistently been at grades lower than those approved in the authorized staffing table of the Mission. Upon enquiry, the Committee was informed that the staff recruited at lower levels was performing to the satisfaction of the Mission officials. **The Committee is of the view that when posts are consistently filled at lower levels in missions of limited duration, the level of the higher graded posts should be reviewed and the posts reclassified accordingly.**

23. The proposed staffing table for 2003/2004, as compared with approved staffing for 2002/2003, is shown in section II.B.2 of A/57/679 and Corr.1. The total number of posts proposed for 2003/2004 amounts to 4,429, as compared with the 4,981 posts approved for 2002/2003, reflecting a reduction of 552 posts (see, however, para. 36 below). **The Advisory Committee points out that the staff changes described in paragraphs 7 to 17 of the budget document and in the additional information given to the Committee do not contain the functional analysis that led to a reduction of 552 posts (ibid.). In the view of the Committee, more justification should have been provided for the number of posts to be retained in the organizational units of the Mission — for example, those proposed for Pillar II (Civil Administration) and in the Division of Administration.**

24. Upon enquiry, the Advisory Committee was informed that the reductions were partly related to implementation of the recommendations issued by the Committee in its report A/56/887/Add.6 and to the gradual transfer of responsibilities from UNMIK to the Kosovo Provisional Institutions. On the question of further reductions in the Division of Administration, the Committee was informed that the Division continues to provide services to the Department of Justice (Pillar I) and to 30 municipalities, and that the next budget estimate would show further reductions in line with progress in the transfer of responsibilities to the Kosovo Provisional Institutions.

25. The Advisory Committee was informed that a number of staff from UNMIK had been transferred to other missions, including the United Nations Assistance Mission in Afghanistan (UNAMA), the United Nations Monitoring, Verification and Inspection Commission (UNMOVIC) and the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). Staff were reassigned from UNMIK to other United Nations missions for the period 1 July 2001 to 30 June 2002 as follows:

Mission of reassignment	*Number of staff reassigned*	*Functional title*
UNAMA	2	Administrative assistant
	3	Civil affairs officer
	1	Engineer
	1	Movement control assistant
	1	Logistics assistant
	1	Security officer
	2	Radio technician
	1	Vehicle mechanic
UNMOVIC	1	Administrative assistant
MONUC	6	Civil affairs officer
	1	Information assistant
	2	Procurement assistant
	1	Finance officer
	1	Logistics assistant
	1	Administrative assistant
Total	**25**	

With regard to the staff eligible for reassignment from UNMIK to other Untied Nations Missions, the Advisory Committee was informed that the Department of Peacekeeping Operations had requested the Mission to nominate candidates for a possible mission in Côte d'Ivoire. Furthermore, the Department of Peacekeeping Operations recently established the rapid deployment roster, for which staff serving either in field missions or at Headquarters can apply online. Given the downsizing phase of UNMIK, a large number of staff members have expressed interest in these opportunities for possible reassignment.

26. The Advisory Committee recalls its comments in paragraphs 26 and 27 of its report A/56/887/Add.6 on the Police and Justice Pillar (Pillar I). With respect to the proposal for 2002/2003 for the Department of Justice, the Committee indicated that unless a strategy is formulated to remedy circumstances that lead to more cases

being taken over by international judges, the mere doubling of the number, as recommended, will not be enough. The Committee cautions against laying the ground for a situation in which UNMIK would be forced to continue to fund international judges, prosecutors and personnel for the Kosovo penal system for an indeterminate period without an exit strategy. The Committee notes that for 2003/2004 the number of staff for Pillar I would increase from 1,815 to 1,849, after a decrease of 5 Professional posts, an increase of 7 General Service posts and the addition of 32 United Nations Volunteers. The Committee notes that the professional staff would decrease from 171 for 2002/2003 to 166 for 2003/2004. The staff changes proposed for 2003/2004 include a decrease by one D-1 post, an increase by three P-5 or P-4 posts and a decrease by seven posts ranging from P-3 to P-1.

27. The Advisory Committee notes that virtually no discussion of the police and justice function of UNMIK has been provided in the performance report, in the budget document or in the additional information provided. The Committee was informed that the number of international judges was 29 and that a mechanism had been established to screen cases sent to them.

28. **The Advisory Committee requests that in the next budget report information be provided on the effect of implementing a long-term completion and empowerment strategy, as envisaged in the observations of the Committee in its reports A/56/887/Add.6 and A/55/624. In particular, clear information should be provided on matters for which responsibility could be transferred to the Kosovo Provisional Institutions and those for which the international community would continue to be responsible.**

3. Operational costs

29. An amount of $52.9 million is requested for 2003/2004 under operational costs, a 16.9 per cent increase over the approved budget of $45.2 million for 2002/2003 (see A/57/679, sect. II.A.1). Expenditure for 2001/2002 amounted to $49.9 million, reflecting an overexpenditure of 3.2 per cent relative to the $48.3 million apportioned under this category of expenditure.

Travel

30. Official travel estimates for 2003/2004 amount to $1,666,700, 28.4 per cent more than the approved budget of $1,297,600 for 2002/2003 (see A/57/679, sect. II.A.1). The estimate for official travel for 2003/2004 includes $144,900 for travel related to training (see para. 55 below). Official travel expenditure for 2001/2002 amounted to $1,436,000, reflecting an overexpenditure of 2.9 per cent, relative to the $1,395,600 apportioned under this category of expenditure. Official travel expenditure in 2001/2002 included $156,100 for travel related to training (ibid.).

31. From the information made available to it, the Committee has observed that a large proportion of the travel expenditure in 2001/2002 was related to management and technical support. For 2003/2004, in the Committee's opinion, the estimate for management and technical support travel requirements is also high. The Committee notes that not all travel plans indicate clearly outputs or expected accomplishments. Furthermore, the Committee points out that savings in the travel budget may be realized, since a new fixed-wing aircraft requested for 2003/2004 may be available for the planned travel from Pristina to European capitals (see para. 51 below). Accordingly, the Committee recommends that the official travel budget for

2003/2004 be authorized at $1,500,000, or approximately 16 per cent more than the approved budget for 2002/2003. The Committee cautions that this adjustment should not be applied to travel for the United Nations Board of Auditors or for the activities of the Office of Internal Oversight Services in UNMIK.

Facilities and infrastructure

32. The Advisory Committee notes from paragraph 12 of A/57/678 that, under "Facilities and infrastructure", an underexpenditure of $912,300 is described as "due to re-prioritization of funds to cover additional requirements in information technology and communications". From the additional information given to it, the Committee notes that the underexpenditure is the net result of several cost overruns and underexpenditures, including overexpenditure of $1,298,900 for acquisition of prefabricated facilities, $629,200 for alterations, renovation and construction services, $528,600 for acquisition of generators, $310,800 for sanitation and cleaning materials, $142,700 for utilities and $123,000 for other items.

33. In the case of the overexpenditure of $310,800 for sanitation and cleaning, the Committee was informed that initially the outsourcing of cleaning services was envisaged during the reporting period and corresponding provision was made under contractual services; however, due to the non-materialization of the contract, UNMIK provided cleaning materials for the temporary local staff recruited.

34. **The Advisory Committee notes that little explanation is given for some significant variances. The Committee requests that in the future overruns or savings be fully explained.**

35. For 2003/2004, the estimate for facilities and infrastructure amounts to $21.2 million, 8.6 per cent over the approved apportionment of $19.5 million for 2002/2003. The estimate for 2003/2004 includes $2,842,700 for maintenance services related to the outsourcing of security services. The effect would be a reduction of 230 posts (6 international and 224 local) for security staff in the staffing table under the category of civilian personnel costs. The Committee was informed that in line with past practice it was expected that some or all of the staff would be taken over by the new contractor.

36. The Committee observes that the costs relating to the security staff have been transferred to another object of expenditure. The reduction of 552 posts in the staffing proposals for 2003/2004 (see para. 23 above) is thus more apparent than real, since the budget would finance contractual services equivalent to 230 security posts. It is not clear why, at the time of downsizing, the Mission would change the arrangement for security services. Upon request, the Advisory Committee was informed that a cost analysis had been done on the basis of the total cost of provision of security by a contractor in comparison with current UNMIK average cost for salaries and related costs. **While welcoming the efforts to achieve savings through outsourcing, the Committee cautions that it had been determined in the past that these security personnel should be United Nations employees to ensure greater control and accountability. In this connection, the Committee requests that the appropriateness of this action be kept under review.**

Communications and information technology

37. For 2003/2004, the estimate for communications amounts to $6.9 million, 2.3 per cent over the approved apportionment of $6.8 million for 2002/2003. Expenditure in 2001/2002 was $7.5 million, reflecting an overexpenditure of some $2 million and exceeding by 37.8 per cent the apportionment of $5.4 million for 2001/2002. As regards information technology, the estimate for 2003/2004 amounts to $5.6 million, 156.5 per cent more than the apportionment for 2002/2003. Expenditure in 2001/2002 was some $3 million, 48.1 per cent more than the apportionment of $2 million for the period.

38. The Advisory Committee notes that the information provided in paragraphs 15 and 16 of the performance report (A/57/678) is inadequate to explain the large overexpenditures in communications and information technology in 2001/2002. The additional information provided to the Committee was also incomplete and repetitive of the information provided in the performance report. The Committee was informed that a good deal of expenditure was related to relocation to new premises. In this connection, the Committee was informed that $1,298,900 was needed for acquisition of prefabricated buildings and that communications and electronic data-processing infrastructure and other facilities had to be provided. The reasons why these requirements were not foreseen in the budget proposal for 2001/2002 should have been stated more clearly in the additional information given to the Committee.

39. The Advisory Committee notes that communications and information technology matters demand effective planning in all phases, including procurement of equipment and services. The Committee is concerned about the Board of Auditors' finding that UNMIK was one of the missions that did not submit procurement plans to Headquarters in New York.[2] The Committee also observes that an overexpenditure of 37.8 per cent in communications and 48.1 per cent in information technology in 2001/2002 reflects serious deficiencies in the planning and budgeting of these activities.

40. **From the explanation provided by representatives of the Secretary-General, the Committee concludes that the Mission and Headquarters should increase their efforts to identify and plan more accurately the estimates for communications and information technology. The Committee requests that in the future the additional information given to the Committee be adequate and pertinent to enable proper scrutiny by the Committee, with full written explanations provided before the Committee starts its examination of the reports of the Secretary-General.**

41. The Committee was provided with the inventory report on non-expendable equipment, showing closing balances and pending write-offs as at 30 June 2002 and detailed equipment requirements for 2003/2004, taking into account those approved for 2002/2003. **From the information given to it in written and oral form, the Committee believes that no convincing argument has been presented to support the rapid expansion of the communications and information technology infrastructure while the Mission is in the process of downsizing its activities and personnel.** Moreover, the Committee notes a proposal to replace a large number of electronic data-processing items for UNMIK, a Mission being downsized. For example, approved for 30 June 2003 is the replacement of 1,517 out of a total of 13,248 electronic data-processing items, including 1,163 out of 6,427 desktop and

laptop computers. **The Committee does not believe it is appropriate for a mission that is downsizing, such as UNMIK, to continue to automatically replace electronic data-processing equipment, utilizing the same benchmarks used by other active or expanding missions.**

Ground transportation

42. For 2003/2004 the estimate for ground transportation amounts to $9.2 million, 64.8 per cent over the approved apportionment of $5.6 million for 2002/2003. Expenditure in 2001/2002 was $6.4 million, reflecting an underexpenditure of $0.2 million, 2.8 per cent less than the apportionment of $6.6 million for 2001/2002.

43. The Advisory Committee notes that savings of $187,000 for ground transportation in 2001/2002 were due mainly to the non-purchase of 10 minibuses (see A/57/678, para. 13). The Committee recalls that the acquisition of these minibuses was proposed in A/55/833, annex I.C, paragraph 21, for driving in difficult winter conditions in some areas of Kosovo. The Committee was informed that difficulties in awarding a systems contract arose at Headquarters, and that had UNMIK had the authority to purchase them, the minibuses could have been obtained, though this would not have been in line with the need to use the Headquarters procedures for systems contracts. The Committee was further informed that the Mission used alternative methods to get the necessary transportation services. The Committee notes from the additional information given to it that the savings of $204,600 for non-purchase of vehicles were partially offset by an overexpenditure of $18,300 for rental of vehicles.

44. For 2003/2004, the provision of $9.2 million requested for ground transportation includes $3.6 million for the replacement of 240 vehicles (238 4x4 vehicles and 2 minibuses). The Committee notes that the inventory of vehicles as at 30 June 2002 included 2,649 vehicles (57 heavy vehicles, 66 medium vehicles, 2,490 light vehicles and 36 trailers) and the pending write-off of 109 light vehicles and one trailer. It was expected that by the end of June 2003 364 vehicles would be designated for write-off. Vehicles are replaced when they exceed the established replacement-policy thresholds of 10,000 kilometres or five years of use. Vehicles are also written off due to accidents. The Committee was informed that on average there was an accident per week leading to the write-off of one vehicle.

45. The Advisory Committee enquired about measures taken to deal with vehicle accidents. The Committee recalls that in the past it has expressed concern regarding the large number of vehicles, primarily police vehicles, involved in accidents (see A/56/887/Add.6, para. 10). The Committee recalls that it requested a thorough analysis of the situation in order to identify the root causes of the accidents and take steps for a coordinated solution to the problem (see A/55/624, para. 54). The Committee was informed that the number of vehicle accidents had decreased relative to past experience. The pre-deployment training of police, in-mission training in driving in difficult winter conditions and the use of the Carlog system as a management tool had contributed to the reduction in accidents. The Mission had also instituted measures to deal with reckless driving, including the suspension of driving licences and the potential repatriation of individuals concerned.

46. The Advisory Committee was informed that KPS would be reduced by about 460 civilian police by the end of 2004. **In view of the downsizing of staff and civilian police, the Committee sees no justification for procuring such a large**

number of replacement vehicles. The Committee was also informed that during the period 239 vehicles (199 light, 20 medium and 20 heavy) had been sent from UNMIK stock to the Logistics Base at Brindisi for transfer to UNAMA. That being the case, funds should have been obtained from UNAMA for the transfer, since the vehicles were designated for UNMIK.

47. **In view of the comments on inventory, the Committee requests that in the future, in addition to the information it receives on the current inventory of items to be replaced or added on, it be given the most up-to-date information on items that have been disposed of, those that have been approved for write-off but not disposed of and those pending processing for write-off.**

Air transportation

48. For 2003/2004, the estimate for air transportation amounts to $2.9 million, or 13.8 per cent less than the apportionment of $3.4 million for 2002/2003. Expenditure in 2001/2002 was $4 million, reflecting an underexpenditure of $0.6 million, or 12.1 per cent less than the apportionment of $4.6 million for 2001/2002.

49. The Advisory Committee recalls that for 2001/2002, four aircraft were budgeted (two helicopters and two fixed-wing aircraft). The 1,920 flying hours projected for helicopters comprised 1,020 block hours and 900 extra hours. One fixed-wing aircraft was budgeted for 3.5 hours per month and the other for 4 hours per month (see A/55/833, annex I.C, paras. 22-24, and annex II.A). The Committee was provided with detailed information on air transportation performance for 2001/2002. For helicopters, the actual number of hours used was 1,020, leaving a balance of 900 hours. For fixed-wing aircraft, 27 hours were used, leaving a balance of 63 hours.

50. The Advisory Committee notes that in the performance report a savings of $550,200 is reported (see A/57/678, para. 14). The reasons given in the report for the savings do not appear to correspond to the use of fewer hours for the helicopters; in the additional information given to the Committee, there was in fact a slight overexpenditure of $4,000 for rental and operation of helicopters and a savings of $73,100 in rental of fixed-wing aircraft. Rather, savings of $225,800 in air operations were related to liability insurance for the two helicopters. Other savings arose from air crew subsistence allowances ($61,600) and petrol, oil and lubricants ($264,700). Since savings arose on the cost of petrol, oil and lubricants, the Committee sees no satisfactory reasons why the use of fewer hours for the rental and operation of the helicopters should not have resulted in additional savings. **The Committee requests more effective monitoring of the use of helicopters.**

51. For 2003/2004, the amount budgeted for air transportation is $464,000 less than the $3,370,700 budgeted for 2002/2003. This is explained as the result of replacing one light helicopter with a medium-lift fixed-wing aircraft (see A/57/679 and Corr.1, para. 21). The $2.9 million requested for 2003/2004 would cover the costs of 840 flying hours for one helicopter and 720 flying hours for one fixed-wing aircraft.

52. For 2003/2004, the estimate for miscellaneous supplies, services and equipment amounts to $4.3 million, or 14.6 per cent less than the apportionment of $5.1 million for 2002/2003. Expenditure in 2001/2002 was $6 million, reflecting an

overexpenditure of $0.1 million, 1.7 per cent more than the apportionment of $5.9 million for that period.

Bank charges

53. The Advisory Committee notes from the information provided that bank charges reported under miscellaneous services amounted to $1.6 million, 22.8 per cent more than the $1.3 million budgeted for 2001/2002. For 2002/2003 bank charges amounting to $1.5 million are anticipated. **The Committee believes that these considerable resources should be carefully monitored and that whenever possible agreement should be made with banking authorities to lower bank charges; furthermore, the Committee believes that the decrease in the level of operations (e.g., volume of payment transactions for salaries and allowances) should lead to lower costs for bank services.**

Miscellaneous services

54. The Advisory Committee notes that under the category of miscellaneous supplies, services and equipment, various items are budgeted under the heading "Other miscellaneous services" in the amount of $1.4 million, 20.6 per cent less than the apportionment of $1.7 million for 2002/2003. Expenditure in 2001/2002 for this category of miscellaneous services was $2.7 million, reflecting an overexpenditure of $0.9 million, 54.3 per cent more than the apportionment of $1.7 million for that period. **The Committee requests the Secretariat to review the criteria for preparing estimates for and charging items to miscellaneous expenses, with a view to minimizing, to the extent practicable, an apparent tendency to use this item for unbudgeted expenses that should be planned, revealed and justified in the budget estimates; the Committee has commented further on this in its general report on peacekeeping operations.**

Training

55. For the periods 2001/2002 and 2003/2004, detailed information on training performance and planned requirements for training, respectively, were provided to the Committee. The 2003/2004 estimate for training amounts to $540,900 ($396,000 for training fees and $144,900 for travel related to training) for the training of 524 staff members. For 2002/2003 the training budget amounted to $573,500 to train 1,331 persons (see A/56/802, annex I.C, para. 28). Expenditure in 2001/2002 amounted to $441,100 ($285,000 for training fees and $156,100 for travel related to training) for the training of 2,676 individuals.

56. The Advisory Committee notes some inconsistencies in the information received on training from the Secretariat. For example, for 2001/2002 the performance report indicated that 2,745 personnel were trained in 2001/2002 (see A/56/678, sect. I, component 3), while the additional information given to the Committee shows only 2,676 staff and other persons trained in that period.

57. **From the information provided in the documents and during the hearings, the Advisory Committee concluded that it appears that in some situations individual staff members might be receiving multiple training lessons that may not be related to their current or future areas of responsibility in peacekeeping missions. The Committee requests that in the future accurate statistics and records of related costs be maintained; furthermore, the training of personnel**

is an important component of the proposed budget, and all resources requested for training should be indicated clearly in the budget, without being subsumed under other miscellaneous budget lines of the proposal.

58. **In this connection, the Committee recalls paragraph 74 of its report A/56/887 and reiterates its view that there is a need for better planning for training of personnel and that the subjects covered in the training programmes should be tailored towards fulfilling the mandate of the Mission. Inconsistencies in this area would indicate poor planning, weak monitoring and difficulty in following up on the effectiveness of training programmes in addressing mission problems. The Committee requests that the Board of Auditors take this matter into account in its plans for horizontal audits.**

4. Resident auditors and resident investigators

59. The Advisory Committee notes that UNMIK is one of the missions with resident audit and investigation capacity. The Committee was informed that for 2003/2004 the reduction of four posts in the Office of the Resident Auditor relates to the transfer, for budgetary purposes, of these four posts to the support account. Additionally, one post in the Office of Internal Oversight of the Mission will be abolished.

60. For 2003/2004 the estimate for external auditing amounts to $167,400, the same level as in the approved budget for 2002/2003. Expenditure for external auditing in 2001/2002 amounted to $151,300. The Committee notes that for 2001/2002 the further amount of $45,800 was spent for travel for internal auditing activities of the Office of Internal Oversight Services. The Committee notes that a travel provision of $38,000 for the Office of Internal Oversight Services has been requested for 2003/2004 under the budget proposal for UNMIK. The Committee was informed that the inclusion of this provision was an error, as all audit costs have been consolidated in the estimates for the support account for peacekeeping operations; accordingly, the amount should be deleted from the estimates for the United Nations Mission of Support in East Timor for 2003/2004.

61. In the context of its consideration of the report of the Secretary-General on the experience with resident investigators in peacekeeping operations, including proposals and plans for future review (A/57/494), the Advisory Committee was informed that, with respect to UNMIK, the caseload statistics maintained by the Office of Internal Oversight Services showed that for the calendar years 2000 and 2001 and the period from January to October 2002, UNMIK accounted for 208 cases (57 in 2000, 71 in 2001 and 80 in 2002). Upon enquiry, the Committee was informed that nearly all investigations related to the activities financed by the Kosovo Consolidated Budget.

62. The Advisory Committee notes that the Board of Auditors, particularly in paragraphs 33, 55, 84, 99 and 125 of its report,[3] has identified several instances of management deficiencies in UNMIK. Issues of particular concern include procurement, air safety, risk assessment and cooperation between the Department of Peacekeeping Operations and the Mission in terms of the prompt sharing of information on results derived from pre-deployment visits. With respect to investigation by the Office of Internal Oversight Services, the Committee notes that the bulk of it relates to procurement activities.

63. **The Advisory Committee welcomes the attention paid by both the Board of Auditors and the Office of Internal Oversight Services to the activities of UNMIK and requests the Mission to ensure that findings and recommendations by these bodies are attended to promptly. The Committee also points out that for missions that are downsizing, such as UNMIK, it might be necessary and advisable to temporarily strengthen internal resident auditing capacity rather than to reduce it.**

IV. Recommendations of the Advisory Committee

64. The actions to be taken by the General Assembly are set out in paragraph 20 of the performance report (A/57/678) and paragraph 26 of the budget report (A/57/679 and Corr.1). **The Advisory Committee recommends that the unencumbered balance of $39,752,000 gross ($39,245,800 net) for the period from 1 July 2001 to 30 June 2002 be credited to Member States in a manner to be determined by the General Assembly. The Committee further recommends that other income for the period ended 30 June 2002, amounting to $23,874,000, also be credited to Member States.**

65. **The Advisory Committee recommends approval of the Secretary-General's request for the General Assembly to appropriate the amount of $315,518,200 for the maintenance of the mission for the 12-month period from 1 July 2003 to 30 June 2004. In the present report the Advisory Committee has made a number of comments and observations that should lead to economies; these should be reflected in the performance report.**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II, chap. V, statement XII.

[2] Ibid., chap. II, para. 125.

[3] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II.

Annex I

United Nations Interim Administration Mission in Kosovo: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	1 193.1	827.0	366.1
Military contingents	4 173.7	3 836.1	337.6
Civilian police	93 819.9	61 963.3	31 856.6
Formed police units	19 301.6	17 600.1	1 701.5
Subtotal, line 1	**118 488.3**	**84 226.5**	**34 261.8**
II. Civilian personnel			
International staff	114 990.4	78 763.8	36 226.6
National staff	43 002.1	25 518.9	17 483.2
United Nations Volunteers	8 316.0	4 042.6	4 273.4
Subtotal, line 2	**166 308.5**	**108 325.3**	**57 983.2**
III. Operational costs			
General temporary assistance	322.5	120.2	202.3
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	5.1	(5.1)
Official travel	1 297.6	1 038.9	258.7
Facilities and infrastructure	19 547.9	16 076.1	3 471.8
Ground transportation	5 612.0	4 662.5	949.5
Air transportation	3 370.7	2 010.5	1 360.2
Naval transportation	-	-	-
Communications	6 783.2	4 343.8	2 439.4
Information technology	2 174.8	1 050.2	1 124.6
Medical	931.2	473.6	457.6
Special equipment	112.1	112.1	-
Miscellaneous supplies, services and equipment	5 051.2	2 558.8	2 492.4
Quick-impact projects	-	-	-
Subtotal, line 3	**45 203.2**	**32 451.8**	**12 751.4**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**330 000.0**	**225 003.6**	**104 996.4**
Staff assessment income	22 968.9	16 719.1	6 249.8
Net requirements	**307 031.1**	**208 284.5**	**98 746.6**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**330 000.0**	**225 003.6**	**104 996.4**

Annex II

Contingent-owned equipment: ageing analysis of outstanding claims

(United States dollars)

As at 31 December 2002

	1 month	*2 months*	*3 months*	*4 months*	*5 months*	*6 months*	*7-12 months*	*More than one year*	***Total***
Amount	419 484	419 484	419 484	419 484	419 484	419 484	201 301	340 096	**3 058 300**
Number of claims	9	9	9	9	9	9	3	7	**64**

As at 28 February 2003

	1 month	*2 months*	*3 months*	*4 months*	*5 months*	*6 months*	*7-12 months*	*More than one year*	***Total***
Amount	419 484	419 484	419 484	419 484	419 484	419 484	1 014 902	340 096	**3 871 900**
Number of claims	9	9	9	9	9	9	9	7	**70**

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Interim Force in Lebanon

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Interim Force in Lebanon

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the financial performance report for the period from 1 July 2001 to 30 June 2002 (A/57/662) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/663) for the United Nations Interim Force in Lebanon (UNIFIL). During its consideration of the reports, the Committee met with representatives of the Secretary-General and the Chief Administrative Officer of the Force, who provided additional information and clarifications.

2. UNIFIL was established by the Security Council in its resolution 425 (1978) of 19 March 1978 for operations in southern Lebanon. The mandate of the Force has been extended by the Security Council in various resolutions, the latest being resolution 1461 (2003) of 30 January 2003, by which the Council extended the mandate of UNIFIL until 31 July 2003.

3. In 2001, on the proposal of the Secretary-General, a reconfiguration of the Force was initiated (see S/2001/66). In his report dated 16 January 2002 (S/2002/55) a phased reconfiguration of the Force to close to 2,000 troops by the end of 2002 was proposed. The recommendations of the Secretary-General contained in that report were endorsed by the Security Council in its resolution 1391 (2002) of 28 January 2002.

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I. Financial performance report for the period from 1 July 2001 to 30 June 2002

4. By its resolution 56/214 A of 21 December 2001, the General Assembly appropriated an amount of $137,257,440 gross ($133,375,991 net) for the maintenance of UNIFIL for the period from 1 July 2001 to 30 June 2002, inclusive of the amounts of $642,540 gross ($594,091 net) for the support account for peacekeeping operations, in addition to the amount of $6,021,721 gross ($5,284,652 net) already appropriated for the support account and the amount of $629,045 gross ($564,879 net) already appropriated for the United Nations Logistics Base at Brindisi, Italy, in its resolution 55/180 B of 14 June 2001, and inclusive of the amount of $99,548,960 gross ($97,558,500 net) authorized in resolution 55/180 B.

5. As indicated in table II.A of the report (A/57/662), expenditures for the period totalled $130,911,000 gross ($126,679,200 net), resulting in an unencumbered balance of $5,703,900, or 4.2 per cent of the total appropriation of $136,614,900. The Committee was informed that the unencumbered balance was primarily a result of faster-than-planned downsizing.

6. The comments of the Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the observations concerning the proposed budget for the period from 1 July 2003 to 30 June 2004 in the paragraphs below (see also the comments of the Committee on presentation in A/57/772).

II. Information on performance for the current period

7. The Advisory Committee was informed that, as at 31 January 2003, a total of $3,372,526,800 had been assessed on Member States in respect of UNIFIL since its inception. Payments received as at the same date amounted to $3,129,209,400, leaving an outstanding balance of $243,317,400. As at 24 February 2003, the cash position of the mission was $103,400,000, and unliquidated obligations for the period from 1 July 2001 to 30 June 2002 amounted to $8,843,326.

8. The Committee was informed that troop cost reimbursement from 1 December 1989 to 30 September 2002 totalled $1,064,835,400, while the amount owed for the period from 1 October to 28 February 2003 was $13,774,100. With regard to contingent-owned equipment, the Committee was informed that, for the period from 1 June 1994 to 28 February 2003, the amount reimbursed was $18,430,700, the estimated amount owed was $10,150,200 and unliquidated obligations totalled $35,927,700. Of the $10,150,200 owed, $448,400 was in accounts payable, and outstanding claims amounted to $9,039,100. In respect of death and disability compensation for the period from 1 June 1994 to 28 February 2003, $20,041,800 had been paid as at 28 February 2003 for 446 claims, 2 claims were pending, and unliquidated obligations amounted to $5,683,500.

9. The Committee was informed that against the authorized staffing establishment of 3,513 military contingent personnel, 145 international staff and 339 national staff, the positions encumbered as at 28 February 2003 were 2,023 military contingent personnel, 111 international staff and 299 national staff.

10. The Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex below). Expenditure for the period amounted to $92,960,100 gross ($89,895,600 net) against an apportionment of $112,042,500 gross ($108,401,200 net).

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

A. Mandate and planned results

11. The Committee notes that for this mission, as for the United Nations Disengagement Observer Force (UNDOF) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM), there is no political component in either the performance report or the proposed budget. The Committee sought clarification of this issue. The comments of the Committee are in its general report on peacekeeping operations (A/57/772).

12. **The Committee emphasizes the importance of drafting the expected accomplishments, indicators of achievement and planned outputs under each of the components in such a way as to ensure that they are, in fact, relevant and realistic. The Committee has commented on this matter in its general report on peacekeeping operations (A/57/772).**

B. Resource requirements

13. As indicated in the report of the Secretary-General on the proposed budget of the United Nations Interim Force in Lebanon (A/57/663, sect. II.A.1), the cost of maintaining the mission for the period from 1 July 2003 to 30 June 2004 is estimated at $91,752,400 gross ($87,911,100 net). This amount represents an 18.1 per cent decrease ($20,290,100) in gross terms in relation to the apportionment for the period from 1 July 2002 to 30 June 2003, and reflects decreases of $9,942,000, or 21.7 per cent, in military personnel; $6,139,900, or 17.9 per cent, in civilian personnel; and $4,208,200, or 13.2 per cent, in operational costs.

1. Military personnel

14. The estimated requirements for military personnel for the period from 1 July 2003 to 30 June 2004 amount to $35,847,000, which represents a reduction of $9,942,000 in comparison with the apportionment for the current period from 1 July 2002 to 30 June 2003. As indicated in paragraph 8 of the proposed budget, the reduced requirements are the result of downsizing and the phased reconfiguration of the Force, which was initiated in 2001, to close to 2,000 troops by December 2002 (see para. 3 above).

2. Civilian personnel and related costs

15. The estimated requirements for civilian personnel for 2003/2004, which provide for 125 international staff and 305 national staff, amount to $28,149,000, a decrease of $6,139,900, or 17.9 per cent in comparison with the apportionment for 2002-2003. The Advisory Committee was informed that the estimates take into

account a 5 per cent vacancy factor for international staff and zero per cent for national staff.

16. The estimated requirements for international staff amount to $15,064,200, a decrease of $8,067,300 in relation to the apportionment of $23,131,500 for 2002/03. The Committee notes from paragraph 9 of the proposed budget for 2003/2004 that reduced requirements are mainly due to the one-time allocation of $7 million in 2002/03 for entitlements related to the relocation of international staff from Israel to Lebanon. In addition, as noted in paragraph 10 of the proposed budget, the downsizing and reconfiguration of the Force has entailed, in the current biennium, a reduction from the 145 international posts to 124 posts. The Committee notes the request in section II.B.2 and paragraph 11 of the proposed budget for one D-1 level post for 2003-2004 for the Deputy Force Commander. **The Committee recommends against this request for the reasons given in its general report on peacekeeping operations (see A/57/772).**

17. The Committee notes from section II.A.1 of the proposed budget that the cost estimates for national staff have increased from an expenditure in 2001/02 of $12.6 million to estimated requirements of $13.1 million for 2003/04. The Committee further notes that estimates for 2003/04 project an increase of $1.9 million, or 17 per cent, over the appropriation for 2002/03. This, according to paragraph 12 of the proposed budget, is largely due to the increase in the national salary scales effective 1 August 2002. As indicated in paragraph 8 of the performance report (A/57/662) and paragraph 13 of the proposed budget (A/57/663), the authorized level of national staff was reduced by 41 posts in 2001/2002, from 380 to 339, and further reduced in the current financial period to 305 posts. The proposal for 2003/2004 is to retain the level at 305 national posts. The Committee was informed that any further downsizing of the Force would also entail further reductions in national staff.

18. The Committee was informed that termination indemnities amounting to $554,200 were paid to 22 national staff who were phased out in 2001/2002 as part of the downsizing exercise. Upon enquiry concerning criteria for payment of indemnities, the Committee was informed that guidelines had been developed after consultation among staff, the mission, the Department of Peacekeeping Operations and the Office of Human Resources Management. The Committee was informed that compensation payments of one month's pay for every two years of service, plus an additional 50 per cent, were made to separating staff on fixed-term appointments. In addition, staff holding indefinite temporary appointments were paid one month's salary in lieu of notice.

19. It was explained that, owing to the length of the mission, some local staff had been working for the mission for 20 years or more, and there was naturally some expectation of gain at the end of employment. The Committee was informed that this was not the case in most peacekeeping operations, in which the contract makes it clear that there is no expectation of permanent employment. The Committee points out, however, that the same situation obtains at the United Nations Peacekeeping Force in Cyprus (UNFICYP). The experience gained at UNIFIL could provide valuable lessons for other missions with similar circumstances. The Committee has commented on this issue in its general report on peacekeeping operations (see A/57/772).

20. The Committee was also informed that 47 national staff were temporarily assigned to other missions. Upon request, the Committee was provided with details

concerning the skills of those staff. **The Committee does not object to this practice since it can, on a temporary basis, provide urgently needed skills on short notice, particularly in the start-up phase of new missions. However, it cautions that this does not obviate the need for missions to recruit such staff on their own to replace borrowed staff as quickly as possible. The Committee will revert to this matter in the context of its examination of the report of the Secretary-General on the future of field service officers (see also the Advisory Committee's general report on peacekeeping operations, A/57/772).**

3. Operational requirements

21. The Committee observes from the additional information provided to it that UNIFIL had a large amount of inventory pending write-off as at 30 June 2002 — a total of 6,114 items, or 23 per cent of inventory. In that connection, the Committee recalls paragraph 32 of the report of the Board of Auditors (A/57/5, vol. II), in which it is noted that UNIFIL had initiated a project to identify obsolete inventories that had been retained for many years.

22. The composition of the write-off includes 31 trailers, for which no replacement is requested, and 196 light vehicles, for which only 8 replacements are requested. A total of 282 vehicles were pending write-off as at 30 June 2002. As indicated in paragraph 16 of the proposed budget for 2003/04, 30 are proposed for replacement on the basis of standard replacement criteria of mileage and years in service. The Committee notes from the additional information provided to it that the cost of replacement amounts to $1.7 million.

23. Upon enquiry, the Committee was informed that the replacement policy for vehicles was five years or 120,000 kilometres. The large number of vehicles pending write-off was the result of the downsizing coupled with the fact that many of the vehicles could not be disposed of locally, as they had diesel-powered engines, and regulations in Lebanon do not permit the use of such engines for other than United Nations vehicles. Such vehicles therefore had to be cut for scrap and disposed of. The pending write-offs also included vehicles for which transfer to Brindisi, Italy, or other missions would not be cost-effective.

24. The Committee notes that a fleet of 850 vehicles was maintained in 2001/02 (see A/57/662, sect. I, component 2). The proposal for 2003/04 includes maintenance of a fleet of 680 vehicles (see A/57/663, sect. I, component 2).

25. Upon enquiry, the Committee was informed that the number of vehicle accidents in UNIFIL was relatively small owing to driver training given by the mission, as well as action taken against reckless drivers, including suspension of licences. The Committee was informed that the mission was in the process of installing the Carlog system, the unit price of which was approximately $500 per vehicle. **The Committee requests that the cost benefit of the use of the system, including maintenance, be monitored.**

Training

26. The cost of training for the period from 1 July 2001 to 30 June 2002 was indicated in the additional information provided to the Committee at $351,200. The Committee notes, however, that this figure does not represent the total amount to be spent on training, as it does not include the cost of training-related travel ($12,900),

the addition of which would bring the total to $364,100. Similarly, while the cost for training for 2003/04 is estimated at $277,700, the addition of the estimates for training-related travel ($156,400) brings the total to $434,100.

27. **The Advisory Committee notes that in 2001/02 a total of 136 staff were trained. For 2003/04, the proposal is to train 371 staff. However, the Committee notes that of the 371 staff to be trained in 2003/04 only 35 are to be trained in supply/property management. In view of the inventory and write-off issues facing the mission, the Committee recommends that greater priority be given to supply/property management training.**

Official travel

28. The estimate for official travel for 2003/04, as shown in section II.A.1 of the proposed budget for 2003/2004, amounts to $426,400, a decrease of $46,500 in comparison with the amount of $472,900 apportioned for 2002/03. The Committee notes, as indicated in paragraph 14 of the proposed budget that the reduced requirements relate to the downsizing of the Force. The performance report for the period ending 30 June 2002 shows expenditure for official travel for the period in the amount of $295,400, reflecting an increase of $86,800 over the apportionment of $208,600.

29. The Committee notes the designation, in the additional information provided, of some of the official travel as "familiarization" travel, or travel of officials of the Department of Peacekeeping Operations to the mission for the purpose of familiarizing themselves with its operations. **The Committee is of the view that the frequency of travel for familiarization with mission operations could be reduced if other methods, such as videoconferencing, were explored. Greater staff mobility, both at Headquarters and in the field, would also promote greater familiarity with mission operations.**

30. In addition, in the supplementary information provided to the Committee, increased efficiency and effectiveness in supporting the mission was given as the accomplishment/output for most of the training proposed. **The Committee requests that in the future such outputs be supported or illustrated with appropriate facts.** The Committee has commented on official travel in its general report on peacekeeping operations (A/57/772).

Communications and information technology

31. The Advisory Committee notes that the costs for communications and for information technology have increased from an expenditure of $2.3 million in 2001/02 to estimated requirements of $2.8 million in 2003/04. Information technology requirements, taken alone, have increased for the same periods from $690,200 to $1,461,700, or 112 per cent. Upon request, the Committee was provided with details concerning information technology equipment and software included in the estimates for 2003/04. Among other things, provision is made in the estimates for costs related to the extension/reconfiguration of the local area network (LAN) and to the migration of the mission to a new operating system.

32. From the additional information provided to it, the Committee notes that the current inventory of electronic data processing equipment totals 2,407 items. The replacement of 280 items is proposed for 2003/04 in accordance with Department of

Peacekeeping Operations guidelines. The Committee notes that of the current inventory of 1,275 computers, the proposal is to replace 102, and that as at 30 June 2002, 441 computers were pending write-off.

33. **The Committee questions the need to provide redundant capacity, such as the spare satellite Earth station equipment requested in paragraph 18 of the proposed budget, for a mission that has been downsizing.** The Committee notes from the additional information provided to it that current satellite equipment inventory is 251 items. **The Committee also reiterates its caution (see A/56/887, para. 69) against an apparent tendency to acquire the most up-to-date technologies, which might not be appropriate to the practical needs of the mission.**

Miscellaneous supplies and services

34. The Committee has noted in the detailed tabular information provided to it that the breakdown of this item, in this and all missions, includes a sub-item entitled "other miscellaneous services". Estimated requirements for the sub-item for 2003/04 amount to $1,758,400, a decrease of $258,100 in relation to the apportionment for 2002/03. For 2001/02, expenditure under this sub-item amounted to $1,588,600 against an apportionment of $1,773,800. Upon request, the Committee was provided with a breakdown of the costs included in the sub-item. The Committee notes the inclusion under the sub-item for 2003/04 of an estimate of $277,700 for training costs. **In the opinion of the Committee, the inclusion of training costs under this sub-item is inappropriate.** The Committee has commented on this issue in its general report on peacekeeping operations (see A/57/772).

IV. Recommendations of the Advisory Committee

35. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2001 to 30 June 2002 is indicated in paragraph 16 of the performance report (A/57/662). **The Committee recommends that the unencumbered balance of $5,703,900, as well as interest and other income in the amount of $15,158,000, be credited to Member States in a manner to be determined by the General Assembly.**

36. The action to be taken by the General Assembly in connection with the financing of UNIFIL for the period from 1 July 2003 to 30 June 2004 is indicated in paragraph 21 of the proposed budget (A/57/663). **In view of its comments above, the Committee recommends that the estimated budget requirement of $91,752,400 gross be reduced by $1,752,400, or approximately 2 per cent. Accordingly, the Advisory Committee recommends that the General Assembly appropriate an amount of $90 million gross ($86,200,900 net), and that the amount be assessed at a monthly rate of $7,500,000 gross ($7,183,408 net), should the Security Council decide to continue the mandate of the mission.**

Annex

Status of expenditure of the United Nations Interim Force in Lebanon for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	45 789.0	44 938.6	850.4
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	**45 789.0**	**44 938.6**	**850.4**
II. Civilian personnel			
International staff	23 131.5	12 582.9	10 548.6
National staff	11 157.4	9 121.7	2 035.7
United Nations Volunteers	-	-	-
Subtotal, line 2	**34 288.9**	**21 704.6**	**12 584.3**
III. Operational costs			
General temporary assistance	52.7	20.5	32.2
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	472.9	336.6	136.3
Facilities and infrastructure	7 267.8	2 483.8	4 784.0
Ground transportation	6 740.9	8 813.0	(2 072.1)
Air transportation	1 339.6	1 033.4	306.2
Naval transportation	-	-	-
Communications	1 210.3	1 218.7	(8.4)
Information technology	1 424.8	515.6	909.2
Medical	871.7	600.2	271.5
Special equipment	548.5	521.7	26.8
Miscellaneous supplies, services and equipment	12 035.4	10 773.4	1 262.0
Quick-impact projects	-	-	-
Subtotal, line 3	**31 964.6**	**26 316.9**	**5 647.7**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**112 042.5**	**92 960.1**	**19 082.4**
Staff assessment income	3 641.3	3 064.5	576.8
Net requirements	**108 401.2**	**89 895.6**	**18 505.6**
Voluntary contributions in kind (budgeted)	333.5	-	333.5
Total requirements	**112 376.0**	**92 960.1**	**19 415.9**

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations peacekeeping forces in the Middle East: United Nations Disengagement Observer Force

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the performance report for the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2001 to 30 June 2002 (A/57/668), and the proposed budget for UNDOF for the 12-month period from 1 July 2003 to 30 June 2004 (A/57/688). During its consideration of those reports, the Committee met with representatives of the Secretary-General and with the Chief Administrative Officer of the mission, who provided additional information.

2. The United Nations Disengagement Observer Force (UNDOF) was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces for an initial period of six months. Its mandate has since then been extended and adjusted by the Council in subsequent resolutions, the latest being resolution 1451 (2002) of 17 December 2002, in which it extended the mandate of the Observer Force until 30 June 2003.

I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. The report of the Secretary-General on the financial performance of UNDOF for the period from 1 July 2001 to 30 June 2002 (A/57/668) outlines the action to be

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taken by the General Assembly at its fifty-seventh session in connection with the financing of UNDOF.

4. As indicated in the report (ibid., sect. I, para. 4), the performance data for the period 2001/02 is presented in a transitional format. The approved budget for the period in question did not include standard frameworks for planned results, which would have constituted the baseline against which performance would have been measured and reported. As indicated in the Advisory Committee's general report (A/57/772), this format will change in the context of the next performance report.

5. The report (A/57/668, summary and sect. II.A) indicates that total resources made available to UNDOF for the period from 1 July 2001 to 30 June 2002 amounted to $34,536,300 gross ($33,778,900 net). Expenditures amounted to $34,422,900 gross ($33,464,700 net), leaving an unencumbered balance of $113,400 gross ($314,200 net), or approximately 0.3 per cent of the amount appropriated for the Observer Force. The budget implementation rate for the period was 99.7 per cent. Most of the savings were due to underexpenditures under operational requirements ($588,300) and military and police personnel ($8,000), partly offset by overexpenditures under civilian personnel ($482,900).

6. The Advisory Committee notes from the summary of the report (A/57/668) that, of the staffing component approved for the reporting period (1,037 military contingents, 38 international staff and 89 local staff), actual average incumbency was as follows: 1,037 military contingents, 36 international staff and 86 national staff.

7. With regard to individual objects of expenditure, the comments of the Advisory Committee on the report (A/57/668) can be found, where relevant, in the remarks concerning the proposed budget in the paragraphs below.

II. Information on performance for the current period (1 July 2002 to 30 June 2003)

8. The Advisory Committee recalls that the General Assembly, in its resolution 56/294 of 27 June 2002, appropriated an amount of $38,991,800 gross ($38,072,000 net) for the maintenance of the Force for the period from 1 July 2002 to 30 June 2003. The Committee was informed that, as at 28 February 2003, expenditures totalled $32,547,800 (see annex to the present report).

9. The Advisory Committee was further informed that for the current period (2002/03), of the authorized number of 1,037 military contingents, 41 international staff, and 89 national staff posts, incumbency, as at 28 February 2003, was as follows: 1,038 military contingents, 38 international and 87 national staff.

10. The Advisory Committee was informed that, as at 31 January 2003, amounts totalling $42.1 million had been assessed on Member States for the period from 1 July 2002 until 30 June 2003. Payments received, as at that same date, totalled $3.9 million, leaving a shortfall of $38.2 million. The Committee was further informed that cash balances, as at 24 February 2003, amounted to $24.1 million. Troop-contributing countries have received payment of $175.8 million, covering the period from 1 December 1989 to 31 December 2002. At the time of the Committee hearings on the financing of the Observer Force (end February 2003), an estimated

$5.9 million was still due for the period from 1 October 2002 to 28 February 2003, and was expected to be paid in March 2003.

11. As at 28 February 2003, reimbursement for contingent-owned equipment for the period from 1 June 1994 to 28 February 2003 amounted to $981,600, with an estimated amount owed of $1,460,000 ($54,800 certified and $1,405,200 outstanding claims) and with unliquidated obligations estimated at $901,400. With regard to death and disability compensation, the amount paid for the period 1 June 1994 to 28 February 2003 was $5,223,500, with 139 claims processed. Related unliquidated obligations amounted to $976,900, and two claims were pending at the time.

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

12. The cost estimates for the period from 1 July 2003 to 30 June 2004, submitted by the Secretary-General in his report (A/57/688), amount to $40,212,900 gross ($39,192,400 net). The proposed requirements represent a 3.1 per cent increase ($1,221,100) in relation to the appropriation of $38,072,000 for the period from 1 July 2002 to 30 June 2003. The increase in proposed resources is due to additional requirements proposed under civilian personnel costs ($344,500) and under operational costs ($885,900), which are explained below.

13. The Advisory Committee also recalls that 78 military observers of the United Nations Truce Supervision Organization (UNTSO) assist the Force in carrying out its tasks. The updated estimate of direct support provided by UNTSO to UNDOF for the period from 1 January 2002 to 31 December 2003 amounts to $9,461,400.

14. The Advisory Committee notes that for UNDOF, as for the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Iraq-Kuwait Observation Mission (UNIKOM), there is no political component in either the performance report or the proposed budget. The Committee sought clarification in that regard. The comments of the Committee are contained in its general report on peacekeeping operations (A/57/772).

Military and police personnel

15. Proposed expenditures under military and police personnel of $16,780,700 for the period from 1 July 2003 to 30 June 2004 relate to the approved component of 1,037 military contingents, reflecting a decrease of $9,300 or 0.1 per cent as compared with the 2002/03 apportionment of $16,790,000. As indicated in paragraph 5 above, savings of $8,000 were achieved under military and police personnel during the period 2001/02 (see A/57/668, summary), as a result of lower rates obtained for the hiring of aircraft used for the rotation of military personnel.

16. The provision of $767,200 for contingent-owned equipment for the period 2003/04 includes $314,300 for major equipment and $452,900 for self-sustainment (see A/57/688, section II.B).

Civilian personnel

17. The proposed requirements under civilian personnel costs for the period from 1 July 2003 to 30 June 2004, which amount to $6,973,800, reflect an increase of $344,500 (5.2 per cent) in relation to the apportionment of $6,629,300 for 2002/03. The increase is due mostly to resources added under international staff.

18. The Advisory Committee notes that during the period 2001/02 expenditures amounted to $6,348,700, reflecting an overexpenditure of $482,900 (see A/57/668, summary). The overexpenditure was due to increases in staff assessment and common staff costs, as well as to non-budgeted requirements for increase in local staff salaries effective 1 July 2001.

19. The proposed staffing component of the Observer Force for 2003/04 provides for a total of 133 posts (41 international and 92 national staff), as compared with a total of 130 posts approved for the period 2002/03 (41 international and 89 national staff). The changes include a proposal to establish one additional P-5 post for Chief of Staff in the Office of the Force Commander, offset by the abolition of one Field Service post in the same Office (see A/57/688, sect. III, para. 5 (a)); the reclassification of the post of the Chief Administrative Officer from the P-5 to the D-1 level (ibid., para. 5 (b)); and three additional national staff level posts (ibid., paras. 7 (a) and (b)).

20. A 5 per cent and 3 per cent vacancy rate factor has been applied to international staffing requirements (same as the current period) and national staffing requirements (currently zero per cent) respectively. The increase in local staff salaries effective 1 July 2002 and an estimated $35,000 in overtime payments to local staff who drive shuttle buses round trip daily from Damascus to Camp Faouar has also been taken into account. The Advisory Committee was informed that eleven shuttle buses pick up and return local staff at various locations in Damascus. **The Committee believes that to minimize expenses, if feasible, other alternatives should be considered, such as requesting staff to assemble at convenient centralized locations for pickup and dropoff.**

21. The description of the functions of the Chief of Staff post at the P-5 level is contained in paragraph 5 (a) of the report (A/57/688). **The Advisory Committee recommends against approval of the post for the reasons given in its general report on peacekeeping operations.**

22. The Advisory Committee was not convinced of the need to upgrade the post of the Chief Administrative Officer to the D-1 level (see A/57/688, sect. III, para. 5 (b)) or of the justification regarding the three additional local posts (ibid., sect. III, paras. 7 (a) and (b)), two in the Communications Section for an information technology technician and a rigger, and one in the General Services Section for a Receiving and Inspection/Field Expendable Supply System Clerk. **The Committee therefore recommends against the upgrading of the post of the Chief Administrative Officer and the establishment of the three additional local posts.**

Operational requirements

23. According to the proposed budget (A/57/688, summary and sect. II.A), estimated requirements for operational costs for 2003/04 increase to $16,458,400 by $885,900 (a 5.7 per cent increase), as compared with the budgeted amount of

$15,572,500 for the current period. The proposed requirements include $2,079,000 for non-recurrent costs related to alterations, renovations and construction, part of the modernization plan for the Observer Force. In that connection, the Advisory Committee notes the decrease of $344,000 under facilities and infrastructure as compared with the amount of $5,931,100 budgeted under that item for 2002/03, as well as the overexpenditure of $690,700 during the 2001/02 reporting period under that budget item.

24. The Advisory Committee recalls that, in its previous report (A/56/887/Add.8, para. 13), it considered the modernization plan initiated by UNDOF. The components of the modernization plan include (a) a fresh approach to operations through the consolidation of some positions in the area of separation and enhancement of the mobility of the Force; (b) the replacement of outdated facilities through a three-year master plan for infrastructure improvement; and (c) the full integration of the military and civilian administration and the logistical components of the Force, including the integration of the Observer Group Golan of the United Nations Truce Supervision Organization with UNDOF operations.

25. The total cost of the plan, which spans the years 2001 to 2004, was estimated at $13,806,160 (A/56/887/Add.8, para. 21). The Advisory Committee was provided with updated information allocating the resources as follows:

Savings utilized from 2000/01	877 000
Savings utilized from 2001/02	1 743 000
Provision 2002/03 (first year)	4 186 300
Provision 2003/04 (second year)	3 484 600
Provision 2004/05 (third year)	3 515 300
Total	**13 806 200**

26. The amount of $3,484,600 for the budget period from 1 July 2003 to 30 June 2004 includes $2,778,500 for construction, maintenance services and maintenance supplies (construction); $240,300 for electronic data-processing equipment; $220,000 for acquisition of military pattern radios to be installed in armoured personnel carriers; $163,800 for a Chief Civilian Engineer post (see para. 28 below); and $82,000 for contract services of an IECS-IRCON engineer.

27. The Advisory Committee had also requested that information on the progress of implementation of the modernization plan and the benefits to be achieved, including efficiency gains, be included in the report on the budget estimates for the period 2003/04. In that regard, the Committee notes the information provided in the report of the Secretary-General (A/57/688, sect. V).

28. The Advisory Committee was informed that in addition to the post for a Chief Civilian Engineer, authorized for the budget period 2002/03 in conjunction with the master plan for infrastructure improvement (currently encumbered), two technical advisors, provided by Member States, are also providing support in the implementation of the modernization plan.

29. The Advisory Committee was informed that expenditures for security amounted to $67,000 during the period 2001/02. For the period 2003/04, security expenditures amount to $590,000.

30. The Advisory Committee notes that expenditures on communications and information technology for the period 2001/02 totalled $1,202,000 ($719,000 for communications and $483,000 for information technology (A/57/668, sect. II.A). The proposed budget for 2002/03 included $1,772,800 for communications and $714,500 for information technology for a total of $2,487,300. For the period 2003/04 proposed expenditures total $3,455,200 ($1,873,800 for communications and $1,581,400 for information technology).

31. The Advisory Committee notes that the additional expenditure is related to the modernization plan. Upon enquiry, the Committee was further informed that the electronic data-processing equipment to be purchased is related to the network expansion plan, which is extending facilities to military positions. **However, in view of the sharp increase the Committee cautions against the tendency to have recourse to the most recent, state-of-the-art information technology and communications devices. As an example, the Committee was informed, upon enquiry, that $215,000 would be spent on a peacekeeping decision-making support system.**

32. The Advisory Committee requested justification for the purchase of additional electronic data-processing equipment, including 18 desktop and 6 laptop computers, 6 printers and 7 servers despite the high level of current holdings and purchases made in the last three years. The response supplied did not convince the Committee of the necessity of the purchases, underlining the Committee's concern relative to the finding of the Board of Auditors that UNDOF has procured items that the Mission did not use (see A/57/5, vol. II, para. 33 [a]). **The Committee requests, in future, that replacements or additional purchases be clearly justified and the reasons explained in writing before the hearings of the Committee, in order to avoid delays in the budget review.**

33. The report of the Secretary-General on the financial performance of UNDOF for the period 2001/02 (A/57/668, sect. III, para. 10) indicates additional expenses of $83,700 under information technology, due, in part, to the establishment of the UNDOF training cell. The Advisory Committee was informed, upon enquiry, that following the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809), the Secretary-General indicated the intention to conduct regular training for mission personnel at all levels and in all components, and that provision would be made in the budgets for peacekeeping operations for such training (A/55/502, para. 74). UNDOF was informed of the implementation of the mission training cell concept on 5 April 2002 and was instructed to make resources available from within the approved budget. The Committee has made extensive comments in its general report on peacekeeping operations on the issue of training (see A/57/772).

34. The Advisory Committee notes that the estimated requirements under spare parts (ground transportation) for the period 2003/04 increase by 290 per cent (from $200,000 to $780,000), as compared with the current period, in view of the purchase of spare parts for 28 armoured personnel vehicles being transferred from UNIFIL. Moreover, an amount of $220,000 is also budgeted for the purchase of 28 military pattern radios for those vehicles. The Committee sought additional information in

this regard, since the Organization does not normally own military equipment. The Committee was informed that the 28 armoured personnel vehicles transferred are owned by the United Nations as a result of the old rules on reimbursement for contingent-owned equipment (prior to 1995). Under those rules, after 4 years (equalling 100 per cent payment), the equipment became United Nations property unless the troop contributors wanted to take it back to their countries, paying the United Nations the residual value of the equipment. However, without the attached weapons, which have been destroyed, the armoured personnel vehicles are merely vehicles. The vehicles are included in the United Nations inventory.

35. Resources for official travel are proposed at $295,300, an increase of $198,300 (204 per cent) over the amount of $97,000 approved for the current period 2002/03. The expenditure for the reporting period 2001/02 amounted to $103,900, an overexpenditure of $36,900 (55.1 per cent), which resulted from the unexpected travel undertaken by three technicians from other missions to perform rigging assessment in connection with the communications towers (A/57/668, sect. III, para. 7).

36. According to the report of the Secretary-General (A/57/688, sect. III, para. 8), the proposed increase in travel resources for 2003/04 is in line with the expanded capacity and focus of the Department of Peacekeeping Operations on providing guidance and support on administrative, financial, logistical and technical matters, including communication and IT initiatives. The Advisory Committee has expressed concern at this trend to increase official travel. The comments and observations of the Committee regarding travel are in its general report (A/57/772). **The Committee further believes that travel expenses should be closely monitored; for some of the functions envisaged that require travel, such alternative methods as the use of a video-conferencing facility, where possible, or other technological means should be explored.**

37. According to the report of the Secretary-General (A/57/668, sect. IV, para. 13), the actions to be taken by the General Assembly at its fifty-seventh session in connection with the financing of the United Nations Disengagement Observer Force are to decide on the treatment of the unencumbered balance of $113,400 for the period from 1 July 2001 to 30 June 2002, and on the treatment of other income for that period, which totals $2,375,000. **The Advisory Committee recommends that Member States be credited their respective shares of the unencumbered balance and other income for the period in question in a manner to be determined by the General Assembly.**

38. The proposed budget for the period 1 July 2003 to 30 June 2004 outlines the actions to be taken by the General Assembly at its fifty-seventh session in connection with the financing of UNDOF (see A/57/688, sect. IV, para. 15). **In view of what is stated in paragraphs 21 and 22 above, the Advisory Committee recommends that the budget requirements of UNDOF for the period from 1 July 2003 to 30 June 2004 be reduced by $311,200 gross ($256,700 net). The Committee further recommends that the amount of $39,901,700 gross ($38,935,700 net) be appropriated for the maintenance of UNDOF for the 12-month period from 1 July 2003 to 30 June 2004. Should the Security Council extend the mandate of the Force beyond 30 June 2003, the monthly assessment rate would amount to $3,325,400 (gross), $3,244,640 (net).**

Annex

Status of expenditure of the United Nations Disengagement Observer Force for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	16 790.0	16 670.9	119.1
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	**16 790.0**	**16 670.9**	**119.1**
II. Civilian personnel			
International staff	5 045.7	3 201.8	1 843.9
National staff	1 583.6	958.1	625.5
United Nations Volunteers	-	-	-
Subtotal, line 2	**6 629.3**	**4 159.9**	**2 469.4**
III. Operational costs			
General temporary assistance	40.0	30.7	9.3
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	97.0	230.1	(133.1)
Facilities and infrastructure	5 931.1	3 756.7	2 174.4
Ground transportation	2 680.4	2 021.8	658.6
Air transportation	-	-	-
Naval transportation	-	-	-
Communications	1 772.8	1 705.6	67.2
Information technology	714.5	447.2	267.3
Medical	271.1	184.2	86.9
Special equipment	327.5	46.2	281.3
Miscellaneous supplies, services and equipment	3 738.1	3 294.5	443.6
Quick-impact projects	-	-	-
Subtotal, line 3	**15 572.5**	**11 717.0**	**3 855.5**

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
Gross requirements	**38 991.8**	**32 547.8**	**6 444.0**
Staff assessment income	919.8	654.8	265.0
Net requirements	**38 072.0**	**31 893.0**	**6 179.0**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**38 991.8**	**32 547.8**	**6 444.0**

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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission in Ethiopia and Eritrea

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2001 to 30 June 2002 (A/57/672) and the proposed budget for the Mission for the period from 1 July 2003 to 30 June 2004 (A/57/673). During its consideration of the reports, the Committee met with representatives of the Secretary-General, as well as with the Chief Administrative Officer of the Mission, who provided additional information and clarifications.

2. The Security Council established UNMEE by its resolution 1312 (2000) of 31 July 2000 for an initial period of six months. In paragraph 2 of its resolution 1320 (2000) of 15 September 2000, the Council authorized the deployment, within UNMEE, of up to 4,200 troops, including up to 220 military observers. The mandate of the Mission was adjusted by the Council in its resolution 1430 (2002) of 14 August 2002 to include demining to support demarcation and logistical and administrative support for the field offices of the Boundary Commission. The mandate has been extended by the Council in various resolutions, the latest of which was resolution 1466 (2003) of 14 March 2003.

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I. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 56/250 A of 24 December 2001, appropriated an amount of $200,279,308 gross ($196,227,505 net) for the maintenance of the Mission for the period from 1 July 2001 to 30 June 2002, inclusive of the amount of $1,879,308 gross ($1,737,605 net) for the support account for peacekeeping operations, in addition to the amount of $5,444,104 gross ($4,777,737 net) already appropriated for the support account, and the amount of $568,706 gross ($510,695 net) already appropriated by the Assembly in its resolution 55/252 B of 14 June 2001 for the United Nations Logistics Base at Brindisi, Italy, inclusive of the amount of $90 million gross ($88,933,450 net) authorized by the Assembly in resolution 55/252 B.

4. As indicated in the report of the Secretary-General on the financial performance of UNMEE (A/57/672, sect. II.A), expenditures for the period totalled $185,007,700 gross ($181,499,800 net). The resulting unencumbered balance of $13,392,300 gross ($12,990,100 net) represents, in gross terms, 6.8 per cent of the appropriation. The Advisory Committee was informed that the unutilized balance was primarily attributable to the lower than budgeted travel cost per military observer/contingent, a higher than budgeted vacancy rate for international staff (14 per cent, as compared to the budgeted vacancy factor of 10 per cent) and savings under facilities and infrastructure resulting from the acquisition of equipment from existing Field Administration and Logistics Division reserve stock.

5. The Advisory Committee recalls that the original budget proposal for the 2001/02 period (see A/56/610) estimated requirements at $208,879,800 gross. The Committee, in its report on the proposed budget (A/56/661, para. 28), recommended appropriation of the amount of $198.4 million gross, or a reduction of $10.5 million, which, as mentioned above, was approved by the General Assembly in its resolution 56/250 A. That reduction, taken together with the underexpenditure of $13.4 million for the period, points to a need for more realistic budget estimates.

6. The Advisory Committee notes from section II.B of the performance report that a total of $10,547,000 is indicated for other income and adjustments for the period, comprising $3,601,000 in interest income, $390,000 for other/miscellaneous income and $6,556,000 in savings on or cancellation of prior period obligations. **The latter figure is high; future reports should include an explanation of such adjustments.**

7. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period 1 July 2003 to 30 June 2004 in the paragraphs below (see also the comments of the Committee on presentation in A/57/772).

II. Information on performance for the current period

8. The Advisory Committee was informed that, as at 28 February 2003, a total of $525,500,200 had been assessed on Member States in respect of UNMEE since its inception. Payments received as at the same date amounted to $443,312,200, leaving an outstanding balance of $82,188,000. As at 31 December 2002, the cash position of the Mission was $78,300,000, and unliquidated obligations for the period from 1 July 2001 to 30 June 2002 amounted to $23,783,800.

9. The Advisory Committee was informed that troop/formed police cost reimbursement up to 31 December 2003 totalled $100,696,200, while the amount owed for the period from 1 January 2003 to 28 February 2003 was $8,760,000. With regard to contingent-owned equipment, the Committee was informed that, as at 28 February 2003, an amount of $37,337,000 had been reimbursed and the estimated amount owed was $75,667,200, while unliquidated obligations totalled $51,837,800 (see also para. 22 below). In respect of death and disability compensation, $100,000 had been paid as at 28 February 2003 for two claims, two claims were pending and unliquidated obligations amounted to $3,127.

10. The Advisory Committee was informed that, as at 28 February 2003, the incumbency for UNMEE for the period from 1 July 2002 to 30 June 2003 was as follows:

	Authorized	*Encumbered*
Military observers	220	207
Military contingents	3 980	3 870
International staff	259	231
National staff	274	267
United Nations Volunteers	82	81

11. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003 (see annex I). Expenditure for the period amounted to $165,562,400 gross ($163,051,100 net) against an apportionment of $220,830,200 gross ($216,814,800 net).

III. Proposed budget for the period from 1 July 2003 to 30 June 2004

A. Mandate and planned results

12. **In the opinion of the Advisory Committee, the attempt in both the performance report for the period from 1 July 2001 to 30 June 2002 (A/57/672) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/673) to have a uniform framework for all missions comprising three or four components has led to some anomalies in the presentation for UNMEE.** The Committee questions, for example, the rationale of including activities for internally displaced persons, public information programmes, mine clearance, human rights programmes and quick impact projects under the political component.

The Committee has commented on this issue in its general report on peacekeeping operations (A/57/772).

13. In this connection, the Advisory Committee draws attention to reports of the Secretary-General to the Security Council in which subjects such as human rights, mine action, public information and the Boundary Commission are clearly discussed separately (see, for example, S/2002/977 and S/2002/1393). Furthermore, the treatment of these programmes under the political and military components in the budget document is not clear. **Accordingly, the Committee recommends that the contents of the components be reorganized. It may be essential for some missions, depending on their mandate, to have additional components.**

14. Upon enquiry, the Advisory Committee was informed that the output data shown in the proposed budget under the support component, which are mainly presented in the past tense, were based on experience since the conclusion of the financial period ending 30 June 2002, and, furthermore, that the data changed from time to time depending on the needs of the Mission. Under such circumstances, the output data contained in the proposed budget has limited value to the Committee in its examination of the estimates. **The Committee recommends that the Secretariat address this weakness in the supplementary information it provides to the Committee. It is essential that the resources requested for support activities be more fully and clearly justified than has been done in the present submission.**

B. Resource requirements

15. As indicated in the report of the Secretary-General on the proposed budget of UNMEE (A/57/673, sect. II.A.1), the cost of maintaining the Mission for the period from 1 July 2003 to 30 June 2004 is estimated at $198,355,200 gross ($194,522,700 net). This amount represents a 10.2 per cent decrease ($22,475,000) in gross terms in relation to the apportionment for the period from 1 July 2002 to 30 June 2003, and reflects decreases of $2,450,700, or 2.6 per cent, in military and police personnel; $4,938,300, or 14.9 per cent, in civilian personnel; and $15,086,100, or 16.2 per cent, in operational costs.

1. Military and police personnel

16. The estimated requirements for military and police personnel for the period from 1 July 2003 to 30 June 2004 amount to $92.2 million, which represents a reduction of $2.5 million in comparison with the apportionment for the current period from 1 July 2002 to 30 June 2003. The estimates provide for 220 military observers and 3,980 military contingent personnel. There is thus no change over the current period in the number of military personnel provided for.

17. The Advisory Committee notes that the expenditure for military personnel shown in the performance report for the period ending 30 June 2002 amounted to $83.7 million against an apportionment of $87.7 million. The Committee notes the explanation for the underexpenditure provided in the performance report (A/57/672, paras. 5 and 6) that the decrease in requirements was primarily due to lower than budgeted travel requirements, together with savings under mission subsistence allowance. From the supplementary information provided to it, the Committee understands that delayed deployment of military personnel also contributed to the underexpenditure for this item. **The Committee requests that, in future, it be**

provided with a fuller explanation of the reasons behind such underexpenditures.

18. As can be seen from paragraph 10 above, the Mission continues to experience less than full incumbency. **The Committee therefore questions, as it has done for this Mission previously (see A/56/887/Add.9, para. 26), the assumption of 100 per cent incumbency for such personnel.**

19. Upon enquiry, the Advisory Committee was informed that of the 127 staff officers authorized for the Mission, there was a total of 109 officers in the Mission as of 31 December 2002. Recreational and daily allowances are paid directly to these officers, as they are to contingent personnel. The cost treatment for the officers is in accordance with memorandums of understanding signed with the troop-contributing countries. With regard to the review of the issue of reimbursement to Governments for services of headquarters staff officers mentioned in the previous report of the Committee (A/56/661, para. 21), it was informed that the Organization now provides accommodation facilities and has made catering arrangements for the meals of such officers.

20. With regard to travel of military observers, the supplementary information provided to the Advisory Committee indicated that reduced requirements for the performance period 1 July 2001 to 30 June 2002 were largely due to the lower than budgeted cost of travel ($2,030 per observer as compared to the budgeted $3,375). Regarding estimates for 2003-2004, the Committee was informed that decreased requirements resulted from anticipated lower cost per military observer ($4,100) in comparison with that budgeted for the current period ($8,200). Upon enquiry as to the reason for the large variances in travel costs for military personnel, the Committee was informed that the figures for 2001/02 referred to one-way travel. Thus the estimate of $4,100 per round trip for 2003/04 takes into account performance experience for 2001/02, when the actual round trip expenditure amounted to $4,060. The Committee points out, however, that for 2001/02, $6,750 round trip per observer was budgeted, while actual expenditure amounted to $4,060. **In the opinion of the Committee, such wide gaps between estimates and actual expenditure indicate a need to re-examine the costing method for this item.**

21. With regard to contingent-owned equipment, the Advisory Committee notes from the performance report (A/57/672, sect. II.C) that expenditure for the period ending 30 June 2002 amounted to $35.9 million. Upon request, the Committee was provided with details concerning assistance provided by UNMEE to troop-contributing countries (see annex II). In that connection, the Committee recalls the concerns it expressed in its report of 5 April 2002 regarding timely modification of memorandums of understanding to reflect instances where the United Nations had taken over functions that contingents had been expected to provide themselves as well as to reflect the administrative workload involved in monitoring and tracking the expenditure for that assistance (A/56/887/Add.9, paras. 9-12). The Committee also recalls the concerns it expressed in its general report on peacekeeping operations of 5 April 2002 (A/56/887, paras. 33-35) regarding what it considered to be serious flaws in the arrangements for contingent-owned equipment. The Committee concluded that particular attention should be given to the inspection and verification process and that consideration should be given to improving arrangements for reimbursement.

22. In connection with reimbursement for contingent-owned equipment, the Advisory Committee was provided with the following additional information:

United Nations Mission in Ethiopia and Eritrea: contingent-owned equipment and self-sustainment as at 28 February 2003

Year	*Apportionment*	*Estimated amount owed*	*Payments (reimbursed)*	*Unliquidated obligations*	*Claims or accounts payable*
2000-2001	15 691 600	21 546 500	15 559 641	112 800	-
2001-2002	35 899 400	31 558 000	21 777 359	12 969 100	14 600
2002-2003	38 756 000	22 562 700	-	38 756 000	-
Total	**90 347 000**	**75 667 200**	**37 337 000**	**51 837 900**	**14 600**

In the opinion of the Committee, the process of certification before payment takes an inordinate amount of time (see also the comments of the Committee in its general report on peacekeeping operations (A/57/772) and of the Board of Auditors (A/57/5, vol. II, paras. 47-69)). As noted in paragraph 8 above, the cash position of the Mission, at $78.3 million, is good. There should therefore be no delays in reimbursing for troop costs and contingent-owned equipment, provided the certification process has been completed.

Boundary Commission

23. The Advisory Committee notes that the report of the Secretary-General on the proposed budget does not clearly spell out the budgetary implications of the decision of the Security Council, in its resolution 1430 (2002), to adjust the mandate of UNMEE to provide assistance to the Boundary Commission in the orderly implementation of its delimitation decision, including: (a) demining in key areas to support demarcation; and (b) administrative and logistical support for the field offices of the Boundary Commission. In this connection, the Committee recalls paragraph 31 of its report of 5 April 2002 (A/56/887/Add.9), in which it requested that the next budget estimate provide information on the role of UNMEE in the demarcation process, if any, including the cost of assistance to be provided. The Committee notes that assistance would be provided in accordance with the procedure outlined by the Secretary-General in his report of 10 July 2002 (S/2002/744, paras. 13, 14 and 17).

24. Upon enquiry, the Advisory Committee was informed that, as at 31 December 2002, $10,240,503 had been contributed to the United Nations Trust Fund for Delimitation and Demarcation of the Border; as at the same date, expenditures incurred amounted to $2.7 million. Upon request, the Committee was provided with additional information concerning reimbursable support provided by UNMEE to the Boundary Commission (see annex III).

2. Civilian personnel

25. The estimated requirements for civilian personnel for 2003/04, which provide for 256 international staff, 282 national staff and 88 United Nations Volunteers, amount to $28,314,900, a decrease of $4,938,300, or 14.9 per cent, in comparison

with the apportionment for 2002/03. The Advisory Committee was informed that the estimates take into account a 10 per cent vacancy factor for international staff, 5 per cent for national staff and zero per cent for United Nations Volunteers.

26. The performance report (A/57/672) shows an underexpenditure of $3.9 million for civilian personnel. The reasons for the underexpenditure are explained in general terms in paragraphs 7 to 9 of the report, and include recruitment delays and the filling of posts at lower than authorized grade levels.

27. The Advisory Committee notes from the additional information provided to it that, for the period from1 July 2001 to 30 June 2002, the average vacancy rates were as follows: for Professional and higher level staff, 16 per cent; for General Service staff, 13 per cent; and for national staff, 7 per cent. Out of a total of 613 authorized posts, the average incumbency was 515, or a 16 per cent average vacancy.

28. While visiting UNMEE in June 2002, the Advisory Committee was informed that many posts in the Mission were vacant, particularly in the administrative and support services. The Committee was also informed that the electronic data-processing area was 20 per cent understaffed and that procurement had been understaffed since November 2001, in addition to which the Chief of Procurement had just left and the officer-in-charge was going to be transferred to the Economic Commission for Africa. Other departures or transfers included the Chiefs of Security and the Contract Management and Contingent-Owned Equipment Unit. The Committee was also informed by the Chief Administrative Officer that it had taken one year to recruit a claims officer. In this connection, the Committee recalls the remarks contained in the report of the Board of Auditors (A/57/5, vol. II, para. 175), in noting that the persistent level of turnover and of lack of managers at UNMEE exposed it to the risk of errors and non-compliance with established rules.

29. Upon request for clarification concerning delegation of authority for recruitment, the Advisory Committee was informed that delegation of authority to initiate recruitment of substantive staff had been granted, on a pilot project basis, to two missions with high volume of staff, namely the United Nations Mission of Support in East Timor (UNMISET) and the United Nations Interim Administration Mission in Kosovo (UNMIK). Pending review of the results of the pilot project, limited delegation of recruitment up to certain levels of staff would be considered on a mission-by-mission basis. Currently, there is no delegation of authority accorded to UNMEE for recruitment of staff.

30. **On the basis of the information given to the Advisory Committee when it visited the Mission, the Committee concludes that, even when posts are provided to missions, recruitment delays and departures lead to understaffing of mission units. Missions need to plan and manage more carefully the departure of staff, particularly heads of services, including preparation of handing over notes. It is poor management to allow staff in critical services to leave missions before ascertaining whether they can be replaced promptly. There should be more collaboration between the missions and Headquarters on this important issue.**

31. A net increase of 11 posts is proposed for 2003/04, from 615 to 626 posts. The proposed changes in staffing reflect: (a) a decrease of three international posts (1 P-4, 1 P-3 and 1 General Service (Other level)) in the office of the Resident Auditor, the costs of which are to be transferred to the support account for

peacekeeping operations; (b) the net increase of eight national posts; and (c) an increase of six United Nations Volunteers to augment the Public Information Office radio dissemination activities.

32. **Taking into account what has been stated above, the Advisory Committee does not believe that it is necessary to add to the staffing table in order to accommodate the functions for which new posts have been requested. The Committee is of the opinion that a number of these functions could be accommodated within the existing staffing table of 615. Instead of requesting additional national posts for outreach programmes and Volunteers for public information, efforts should be made to deploy existing vacant national posts, if possible, or to convert vacant international posts, including General Service posts, into national and Volunteer positions.**

33. Upon request, the Advisory Committee was provided with a statement concerning the question of further downsizing of the Mission (see annex IV). The Committee notes, as indicated in the report of the Secretary-General of 20 December 2002 (see S/2002/1393, para. 9), that the Boundary Commission has promulgated a time frame for demarcation activities. From the statement provided to it, the Committee notes that demarcation is to be completed by November 2003. In this connection, the Committee notes that the Security Council, by its resolution 1466 (2003), decided to extend the mandate of UNMEE to 15 September 2003, to review frequently the progress made by the parties in the implementation of their commitments pursuant to the Algiers Agreements and to review any implications for UNMEE.

3. Operational requirements

34. Operational requirements for the period from 1 July 2003 to 30 June 2004 are estimated at $77.8 million, a reduction of $15.1 million, or 16.2 per cent, as compared with the apportionment for the current period.

35. The Advisory Committee notes from the performance report (A/57/672, sect. II.A) that expenditures for the period totalled $73.6 million, reflecting an underexpenditure of $5.5 million. The explanations for the underexpenditure are provided in paragraphs 10 to 18 of the performance report. **In future, information should be provided to the Committee on budget variances that are related, inter alia, to management action to increase efficiency and productivity or to strengthen internal controls, as against budget variances due, among other things, to technical adjustments, such as those related to vacancies and delayed deployments.**

Official travel

36. The estimate for official travel for 2003/04, as shown in the proposed budget (A/57/673, sect. II.A.1) amounts to $917,400, an increase of $105,600 over the amount of $811,800 apportioned for 2002/03. The performance report for the period ending 30 June 2002 shows expenditure for official travel for the period in the amount of $926,100, reflecting an increase of $414,500 over the apportionment of $511,600. The Advisory Committee notes from the additional information provided to it that included in the estimated requirement of $917,400 for 2003/04 is an amount of $317,000 for official travel for training. A separate amount of $551,000 is requested to train 307 staff.

37. The reason given for the increased requirements for official travel for 2003/04, as stated in paragraph 13 of the proposed budget, is misleading. While paragraph 13 states that increased requirements result from "planned additional travel for substantive and administrative support in relation to the consolidation of the peace process and training for the enhancement of the competencies of the staff in technology", it is clear to the Advisory Committee from the more detailed information provided to it that the bulk of official travel resources is for training and management purposes. Political consultations and travel within the Mission area account for only $316,000.

38. **As expressed in its general report on peacekeeping operations (see A/57/772), the Advisory Committee is of the view that it is not enough to justify travel for management and training purposes as being necessary to increase efficiency and effectiveness. There must be a specific purpose for such travel leading to a measurable result in fulfilling stated objectives. Moreover, it can be presumed that as staff become trained they would need less supervision in the carrying out of their tasks, thus requiring less travel for this purpose by senior officials. It should also be possible to reduce travel through increased use of technology and by training trainers for some of the services of the Mission, as recommended by the Committee in its report of 5 April 2002 (A/56/887/Add.9, para. 36).**

39. With regard to within Mission travel, the Advisory Committee was informed that UNMEE is taking measures to reduce costs, such as providing transit accommodations at sector headquarters and providing meals for military personnel, thus reducing mission subsistence allowance costs. **The Committee commends these efforts.**

40. **Taking into account its comments in the paragraphs above, the Advisory Committee recommends approval of an amount of $850,000 for official travel, a reduction of $67,400 from the requested amount of $917,400.**

Facilities and infrastructure

41. **The Advisory Committee requests the Department of Peacekeeping Operations to review procedures for providing hard wall accommodations for troops, allowing for the use of local supplies, which are often better suited to local conditions, more readily obtainable and less expensive.**

42. **The Advisory Committee requests that the next budget submission include information regarding possible uses for UNMEE premises following liquidation of the Mission.**

Air transportation

43. The estimate for air transportation for the period ending 30 June 2004 amounts to $23,111,100, a decrease of $4.8 million in relation to the apportionment for the current period. An explanation of the variance is given in paragraph 16 of the proposed budget. The Committee notes that during 2001/02 the Mission had a fleet of 19 aircraft, which was reduced in the current period by two HS-500 helicopters for a total of 17 aircraft. For 2003/04, the estimates provide for a fleet of 15 aircraft, the total being reduced by two P-166 fixed-wing aircraft, which are no longer required for aerial photography.

44. The Advisory Committee notes from the additional information provided to it that of the planned 4,104 flying hours for fixed-wing aircraft for the period ending 30 June 2002, only 1,947 were actually flown; of the 8,604 hours planned for helicopters, 6,624 were flown. In this connection, the Committee recalls its comment in its report of 5 April 2002 (A/56/887/Add.9, para. 13) that large variances in the number of hours flown as compared with the number budgeted should be explained and that an indication should be given in subsequent budget estimates as to how patterns in the number of hours flown are taken into account in the preparation of the estimates.

45. The Advisory Committee was informed that, at the end of 2002, the Government of Italy had decided to withdraw the aviation unit serving with UNMEE (2 Bell 212 helicopters and 1 G-222 aircraft). The G-222 had been replaced with a commercially contracted AN-26. Upon enquiry, the Advisory Committee was informed that the cost of the G-222 aircraft on a letter-of-assist arrangement with the Government of Italy was $513 per hour, whereas the hourly cost of the commercially contracted AN-26 was $268 per hour. **The Committee welcomes the replacement and the consequent savings to the Mission.**

46. In its discussions with the representatives of the Secretary-General concerning the composition of the Mission's aircraft fleet, the Advisory Committee questioned the rationale for the operation by the Mission of two Bell 212 helicopters, which are stationed in Asmara, in view of the presence also of seven MI-8 helicopters capable of long-range casualty and medical evacuation, as well as the AS 330 Puma helicopter stationed in Djibouti. The Committee was informed that the seven MI-8 helicopters were for daytime use and that 161 medical evacuations had been carried out in the last two years, of which 32 were carried out at night. Of those 32 evacuations, 13 were performed using the Bell-212 helicopters. The Committee was informed that medical evacuations are also performed using the executive jet. **Accordingly, the Advisory Committee requests that the Mission review the need for a second Bell 212 helicopter. Pending such a review, the Committee recommends that the estimated requirements for air operations be reduced by $733,000, representing the cost of operation of one Bell 212 helicopter for one year.**

47. The Advisory Committee recalls its previous recommendation that arrangements should be in place to ensure appropriate and timely reimbursement for air support services provided by missions to other partners in the mission area (see A/56/887, para. 66), as well as the recommendation by the Board of Auditors that the Department of Peacekeeping Operations recover costs for the transportation of non-mission personnel or cargo (A/57/5, vol. II, para. 88). The Committee notes from the additional information provided to it on performance for the period ending 30 June 2002 that only $25,800 had been reimbursed for support provided by the Mission to others. Upon enquiry, the Committee was informed that the $25,800 included telephone charges only and that the Department of Peacekeeping Operations had yet to provide the Mission with guidelines on how to implement the recovery policy.

48. **The Advisory Committee considers unsatisfactory the Department's reply to the above-mentioned recommendation of the Board that "in order to monitor the activities of missions with respect to the transportation of non-mission personnel or cargo, all missions have been directed to submit monthly**

reports" (A/57/5, vol. II, para. 89). It is not efficient for this matter to be reported on monthly to the Department. The field missions should have full authority to establish mechanisms for such reimbursements after receiving appropriate guidelines from the Department.

Training

49. The cost of training for the period from 1 July 2001 to 30 June 2002, $272,200, was indicated in the additional information provided to the Advisory Committee. The Committee notes that this figure is understated, as it does not include the cost of training-related travel ($231,300) or training supplies and equipment ($11,100), the addition of which would bring the total to $514,600. Similarly, while the cost for training for 2003/04 is estimated at $551,000, the addition of the estimates for training-related travel ($317,000) and training supplies and equipment ($1,000) brings the total to $869,000.

50. The Advisory Committee was informed that 58 of the 69 staff trained in the period ending 30 June 2002 were still with the Mission; the other 11 had either moved to other missions or had separated from service. **The Committee observes that in view of the procurement and property management deficiencies identified in the report of the Board of Auditors (see A/57/5, vol. II, paras. 120-122), greater attention should have been given to training and also retaining the procurement officers who have been trained.** From the performance information provided to the Committee for the period ending 30 June 2002, it appears that only nine staff members were trained in that area. Furthermore, the deficiency is not addressed in the training programme for 2003/04, which shows, out of the 307 staff to be trained, no provision for the training of procurement officers.

Communications and information technology

51. The estimate for communications and information technology for 2003/04, as shown in the proposed budget (A/57/673, sect. II.A.1), amounts to $11,561,500, a decrease of $1,112,300 over the apportionment for 2002/03. These are also the figures shown on table 14 of the overview report of the Secretary-General on the financing of the United Nations peacekeeping operations (A/57/723). The Advisory Committee points out that these figures are misleading, as they do not include staff costs or costs for transportation and freight of equipment. The Committee notes that the number of staff for communications and information technology is to remain at 75. Upon enquiry, the Committee was informed that in the estimates for 2003/04, freight charges of $59,100 were omitted from the estimated requirement of $943,200 for communications equipment; the freight charges are included, however, in the amount of $1,108,600 estimated for information technology equipment. The estimated requirements for procurement of communications and information technology equipment for 2003/04, including freight charges, total $2.1 million (see annex V).

52. The Advisory Committee notes that the current and approved inventory of the Mission consists of 1,234 desktop and laptop computers. The estimates for 2003/04 include proposals to replace 132 computers. The reasons for replacement are not adequately explained in either the proposed budget or the additional information provided to the Committee.

53. Upon request for a clarification of the need to replace 53 items under satellite equipment, the Advisory Committee was provided with a table detailing the estimated requirements (see annex VI). The need for the equipment has not been sufficiently justified.

54. **Taking into account its comments in the paragraphs above, the Advisory Committee is of the opinion that significant economies can be achieved in this area.**

Public information services

55. The proposed staffing of the public information offices in Asmara and Addis Ababa for 2003/04 totals 43. Upon enquiry, the Advisory Committee was informed that the estimated total cost of UNMEE public information activities in 2003/04, including the radio programme, would amount to $2,293,800. Upon request, a breakdown of public information activities for 2003/04 and their estimated related costs was provided to the Committee (see annex VII). **This information should be included in all future budget submissions.**

56. In previous reports, the Advisory Committee has called for the use of local facilities where they are available. The Committee notes from the report of the Secretary-General of 20 December 2002 (S/2002/1393, para. 26) that the Ethiopian Broadcasting Authority has agreed to air UNMEE programmes at a cost of approximately $54,419 per year. **The Committee recommends that the cost-effectiveness of this approach be explored.**

Quick impact projects

57. As shown in the performance report (A/57/672, sect. II.A), expenditure for quick impact projects amounted to $584,900 against the apportionment of $585,900. The Advisory Committee notes that, as of the current period, all projects are financed under the Trust Fund for the Peace Process.

58. The Advisory Committee questioned whether such ongoing projects could realistically be termed quick impact projects. It was informed that conditions often precluded speedy implementation. It was explained that many of the projects are carried out in the temporary security zone in remote places, where there is a lack of qualified personnel. In addition local regulations frequently slow project approval and implementation.

Miscellaneous supplies, services and equipment

59. The Advisory Committee notes the overexpenditure under miscellaneous claims and adjustments for the period ending 30 June 2002, which was, according to the additional information provided to the Committee, the result of claims for loss of land production owing to occupancy by UNMEE troop-contributing countries in Sector Centre. Expenditure amounted to $377,300 against an apportionment of $50,400. The Committee notes that the apportionment for this item for the current period and the proposed amount for 2003/04 remain at $50,400. Upon enquiry, the Committee was informed that this amount represented a contingency provision. As shown, actual amounts required were disproportionate to the contingency provided. **It is the opinion of the Committee that such contingency provisions are of**

minimal utility and that requirements that were not foreseen should be reported as such in the performance report.

60. The Advisory Committee notes the overexpenditure for 2001/02 under rations ($9,190,600 against the apportionment of $7,762,000) owing to the delayed establishment of the UNMEE water plant. Upon enquiry, it was explained that the first plant became operational in mid-October and the second in mid-November 2001. This, coupled with the need to build reserve stocks, necessitated the extension of the commercial water supply contract through March 2002. In the proposed budget for 2003/04, the estimate for rations is $8,063,200, a decrease of $1,206,500 as compared with the apportionment for the current period of $9,269,700. Upon enquiry as to why the reduction was not greater now that the Mission was self-sufficient, the Committee was informed that the costs for 2003/04 under rations reflected the greater deployment of troops in comparison with the period ended 30 June 2002 and the costs involved in delivery of bottled water, which were previously covered under the water supply contract.

61. The Advisory Committee welcomes the use of United Nations air assets, rather than commercially chartered aircraft, to transport equipment and supplies from the United Nations Logistics Base. The change has resulted in a reduction of $1,330,000 in the requirements for 2003/04 for freight and related costs, in comparison with the apportionment of $3,290,000 for 2002/03. The Committee was informed that such requirements could be accommodated from the flying hours provided for under air operations.

62. **The demining programme is important to the success of the activities of the Boundary Commission, yet the treatment of the programme in the documents before the Advisory Committee, including the role of the assessed budget, is not transparent. According to the additional information provided to the Committee, expenditures for demining services and supplies for 2001/02 amounted to $2.6 million. For 2003/04, the request is for $3.1 million, as compared to the apportioned amount for 2002/03 of $3 million. The basis of the request is not explained (see also para. 23 above).**

Resident auditors

63. With regard to resident audit and inspection, when it visited the Mission in June 2002, the Advisory Committee was informed of the value of the resident audit service. The Committee was also informed that, owing to the structure of the Mission, a greater number of staff is required to carry out the function than would normally be the case using present guidelines. The issue of resident inspectors is discussed in the context of the Committee's report on the support account for peacekeeping operations (A/57/776).

IV. Recommendations of the Advisory Committee

64. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2001 to 30 June 2002 is indicated in the performance report (A/57/672, para. 19). **The Advisory Committee recommends that the unencumbered balance of $13,392,300, as well as interest and other income in the amount of $10,547,000, be credited to Member States in a manner to be determined by the Assembly.**

65. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2003 to 30 June 2004 is indicated in paragraph 21 of the proposed budget (A/57/673). **In view of its comments above, as well as the persistent underexpenditures experienced by this Mission ($25,084,200 for 2000/01 and $10,547,000 for 2001/02), the Advisory Committee recommends that the estimated budget requirement of $198.4 million be reduced by $10 million, or approximately 5 per cent. Accordingly, the Committee recommends that the General Assembly appropriate an amount of $188.4 million gross ($184.5 million net), and that the amount be assessed at a monthly rate of $15,700,000 gross ($15,375,000 net). The Committee believes this reduction to be conservative, given the pattern of expenditure for the current period as shown in annex I to the present report.**

Annex I

United Nations Mission in Ethiopia and Eritrea: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment* (1)	*Expenditure* (2)	*Unencumbered balance* (3)=(1)-(2)
I. Military and police personnel			
Military observers	8 360.0	4 484.1	3 875.9
Military contingents	86 328.0	82 107.8	4 220.2
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	**94 688.0**	**86 591.9**	**8 096.1**
II. Civilian personnel			
International staff	29 533.6	18 075.6	11 458.0
National staff	1 301.6	671.5	630.1
United Nations volunteers	2 418.0	1 351.1	1 066.9
Subtotal, line 2	**33 253.2**	**20 098.2**	**13 155.0**
III. Operational costs			
General temporary assistance	-	-	-
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	811.8	811.0	0.8
Facilities and infrastructure	18 903.6	15 992.4	2 911.2
Ground transportation	6 670.6	1 942.1	4 728.5
Air transportation	27 916.7	17 745.7	10 171.0
Naval transportation	-	-	-
Communications	9 067.4	7 505.2	1 562.2
Information technology	3 606.4	1 052.1	2 554.3
Medical	5 323.4	3 804.6	1 518.8
Special equipment	1 901.2	1 756.0	145.2
Miscellaneous supplies, services and equipment	18 687.9	8 263.2	10 424.7
Quick-impact projects	-	-	-
Subtotal, line 3	**92 889.0**	**58 872.3**	**34 016.7**
Gross requirements	**220 830.2**	**165 562.4**	**55 267.8**
Staff assessment income	4 015.4	2 511.3	1 504.1
Net requirements	**216 814.8**	**163 051.1**	**53 763.7**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**220 830.2**	**165 562.4**	**55 267.8**

Annex II

Support provided to contingents by the United Nations Mission in Ethiopia and Eritrea

Category	*Contingent*	*Particulars*	*Remarks*
Catering	India	Refrigerators	Seven (7) to be deducted from reimbursement
	Jordan	Refrigerators	One (1) to be deducted from reimbursement
	Kenya	Refrigerators	Four (4) to be deducted from reimbursement
	Bangladesh	Refrigerators	One (1) to be deducted from reimbursement
Support to national support element	Ireland	Food rations and potable water	To be reimbursed
	Slovakia	Food rations and potable water	To be reimbursed

Annex III

Reimbursable support provided by the United Nations Mission in Ethiopia and Eritrea to the Boundary Commission

Total reimbursements by the Boundary Commission, by section, for the period from 1 December 2001 through 31 December 2002

(United States dollars)

Air operations	696 454.91
Transport	6 321.23
Engineering	44 379.40
Electronic data-processing	28 142.50
Communications	1 371.76
Supply	21 056.65
Total	**797 726.45**

Annex IV

Downsizing of the United Nations Mission in Ethiopia and Eritrea

The mandate of the United Nations Mission in Ethiopia and Eritrea (UNMEE) is linked to the completion of the delimitation and demarcation process, which is the sole responsibility of the Boundary Commission. UNMEE has no control over the demarcation process beyond offering some measure of administrative and logistical support to it.

The completion of delimitation was delayed on more than one occasion in 2001. Similarly, the original demarcation schedule, which was to have been completed by May 2003, has had to be adjusted several times since then. The current completion estimate is November 2003. This is based on a technical estimate, by the surveyors of the Boundary Commission, on the number of months that would be needed to plant the pillars.

The schedule does not reflect the possibility of further procedural or political disagreements between the parties, such as those that have characterized the process for the past 11 months since the delimitation decision of April 2002. In the meantime, UNMEE must continue to discharge the full extent of its monitoring mandate and cannot begin to downsize until certain that the process of demarcation is nearing completion. To date, the process has not yet even begun.

Annex V

United Nations Mission in Ethiopia and Eritrea: equipment requirements for the period from 1 July 2003 to 30 June 2004

(Thousands of United States dollars)

Category	*Inventory*[a]	*Approved*[b]	*Additional*[c]	*Replacement*[d]	*Number*[e]	*Amount*[f]
Facilities and infrastructure						
Acquisition of equipment						
Security equipment	88	126	-	81	81	15.4
Subtotal	**88**	**126**	**-**	**81**	**81**	**15.4**
Ground transportation						
Workshop equipment						
Heavy equipment	-	-	11	-	11	129.7
Miscellaneous tools	-	-	-	-	-	39.7
Subtotal	**-**	**-**	**11**	**-**	**11**	**169.4**
Communications						
Equipment						
Radio equipment	2 293	544	-	17	17	212.2
Satellite equipment	604	51	-	53	53	349.6
Telephone equipment	390	-	-	144	144	283.5
Tools and equipment	324	26	1	74	75	157.0
Subtotal	**3 611**	**621**	**1**	**288**	**289**	**1 002.3**
Information technology						
Electronic data-processing equipment						
Desktop computers	872	174	-	132	132	235.7
Laptop computers	188	-	-	-	-	-
Printers	630	137	-	134	134	136.6
Servers	64	21	-	16	16	243.8
Tools and equipment	320	253	22	182	204	492.5
Subtotal	**2 074**	**585**	**22**	**464**	**486**	**1 108.6**
General supplies, services and equipment						
Miscellaneous equipment						
Office furniture	6 124	135	-	-	-	-
Office equipment	125	6	-	-	-	-
Accommodation equipment	714	95	-	-	-	-
Fuel tanks and pumps	194	-	-	-	-	-
Pre-fabricated buildings	790	360	-	-	-	-
Generators	140	13	-	-	-	-
Water and septic tanks	3	-	-	-	-	-
Other miscellaneous equipment	827	34	-	216	216	24.2
Subtotal	**8 917**	**643**	**-**	**216**	**216**	**24.2**

Category	*Inventory*[a]	*Approved*[b]	*Additional*[c]	*Replacement*	*Number*	*Amount*[d]
Mine detection and mine-clearing equipment						
Mine detection and mine-clearing equipment	39	332	-	380	380	86.3
Subtotal	**39**	**332**	**-**	**380**	**380**	**86.3**
Observation equipment						
Binoculars	132	14	-	13	13	6.3
Night vision devices	25	5	-	4	4	20.5
Subtotal	**157**	**19**	**-**	**17**	**17**	**26.8**
Total						**2 433.0**

[a] Inventory as at 30 June 2002.
[b] Approved 2002/03.
[c] 2003/04.
[d] Total costs inclusive of freight charges.

Annex VI

United Nations Mission in Ethiopia and Eritrea: Replacement of satellite equipment

The replacement of 53 pieces of satellite equipment was requested during 2003-2004; replacement was requested due to wear and tear and in conformity with the standard 15 per cent replacement procedure. The details of the satellite equipment are shown below:

UNMEE 2003-2004: Satellite equipment

(United States dollars)

Description	*Unit price*	*Quantity*	*Cost*
Global positioning system receivers	400	15	6 000
Satellite modems	6 000	8	48 000
Satellite RF transceivers	20 000	6	120 000
Satellite RF switches	3 000	4	12 000
Low noise amplifier switches	2 500	4	10 000
Low noise amplifiers	3 000	7	21 000
DAMA low density chassis	16 000	3	48 000
INMARSAT "M4" terminal	7 000	3	21 000
Access concentrators/routers	6 000	3	18 000
Subtotal		**53**	**304 000**
Freight			45 600
Total			**349 600**

Annex VII

Public information activities

UNMEE 2003-2004: Public information activities*

(Thousands of United States dollars)

Civilian personnel	
International staff	
International staff salaries	499.0
Staff assessment	202.9
Common staff costs	246.2
Mission subsistence allowance	316.4
Subtotal	**1 264.5**
National staff	
National staff salaries	60.5
Staff assessment	14.0
Common staff costs	19.4
Subtotal	**94.0**
United Nations volunteers	
United Nations volunteers	315.4
Subtotal	**315.4**
Total civilian personnel	**1 673.8**
Operational requirements	
Equipment	59.1
Supplies	101.9
Contractual services	459.0
Total operational requirements	**620.0**
Grand total	**2 293.8**

* Includes radio programmes.

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Comprehensive review of the whole question of peacekeeping operations in all their aspects

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Logistics Base at Brindisi

Status of the implementation of the strategic deployment stocks

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the performance of the budget for the United Nations Logistics Base at Brindisi for the period from 1 July 2001 to 30 June 2002 (A/57/671) and on the proposed budget for the Logistics Base for the 12-month period from 1 July 2003 to 30 June 2004 (A/57/670 and Corr.1). The Advisory Committee has also considered the report of the Secretary-General on the status of the implementation of the strategic deployment stocks (A/57/751). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

I. United Nations Logistics Base at Brindisi

2. The United Nations Logistics Base at Brindisi has been in operation since late 1994, carrying out tasks related to assets management, including refurbishment, maintenance and storage of serviceable assets from liquidating field missions, and providing communications support through the global satellite network to the United

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Nations, as well as to peacekeeping operations and missions worldwide and several specialized agencies.

A. Financial performance report for the period from 1 July 2001 to 30 June 2002

3. As indicated in section II.A, "Financial resources", of the performance report (A/57/671), expenditures for the period ended 30 June 2002 amounted to $8,970,800 gross ($8,149,600 net), resulting in an unencumbered balance of $11,800 gross ($24,800 net), i.e., 0.1 per cent in gross terms of the amount appropriated. **The Advisory Committee notes that, in a departure from previous practice, the performance report does not contain references to resolutions by which the General Assembly approved the budget for the Logistics Base. The Committee requests that such references be included in future financial performance reports.**

4. The Advisory Committee notes from the supplementary information it received from the Secretariat that the Logistics Base provided, on a reimbursable basis, services valued at $8 million to United Nations and non-United Nations entities during the period from 1 July 2001 to 30 June 2002. **The Committee welcomes the efforts by the administration of the Logistics Base to identify and quantify the cost of each service provided on a reimbursable basis. The Committee requests that information on the technique used by the Logistics Base and its experience in identifying and estimating reimbursable costs be made available to administrations of peacekeeping missions.**

5. **The Advisory Committee points out that the impact of reimbursable expenditure is not reflected in the budget estimates. If the reimbursable service amount is added to the expenditure reported in the performance report, the total level of activity at the Logistics Base would amount to $17 million. The Committee requests that an appropriate methodology in this regard be developed and utilized for the next budget estimate (see para. 10 below).**

6. The comments of the Advisory Committee on individual objects of expenditure covered in the performance report can be found, where relevant, in the discussion on the proposed budget in section II.C below.

B. Information on performance for the current period

7. The Advisory Committee was informed that the cash position of the Logistics Base as at 28 February 2003 was $104 million (including strategic deployment stocks) and that unliquidated obligations for the period from 1 July 2001 to 30 June 2002 amounted to $544,386.

8. The Advisory Committee was also informed that against the authorized staffing establishment of 35 international staff and 95 national staff for the Logistics Base for the period from 1 July 2002 to 30 June 2003, the posts encumbered as at 28 February 2003 were those of 29 international staff and 89 national staff.

9. The Advisory Committee was provided with expenditure data for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003. Expenditure for the period

amounted to $6,883,200 gross ($6,305,500 net) against an apportionment of $14,293,200 gross ($13,068,100 net). The breakdown of the expenditure is contained in the annex to the present report.

C. Proposed budget for the period from 1 July 2003 to 30 June 2004

10. Estimated requirements of $23,262,900 gross ($22,004,400 net) are proposed for the maintenance of the Logistics Base for the period from 1 July 2003 to 30 June 2004. The proposed budget represents an increase of $8,969,700 in total gross resources (62.8 per cent) in relation to the apportionment for the period from 1 July 2002 to 30 June 2003. As indicated in the table "Financial resources" of the summary of the budget report (A/57/670 and Corr.1), the total increase of $8,969,700 reflects an increase of $754,400, or 11.9 per cent, in civilian personnel costs and an increase of $8,215,300, or 103.1 per cent, in operational costs. Table 1 of section II.A of that report contains a breakdown of the proposed budget for the Logistics Base by category of expenditure and variances in requirements, compared with the current budget of the Base. As indicated in paragraph 5 above, the budget estimate does not reflect expenditure that will be undertaken on a reimbursable basis. The Advisory Committee requested information on expenditure likely to be undertaken in this regard in 2003/2004 and was informed that the estimated cost of reimbursable services would amount to approximately $8 million.

11. The proposed budget for the Logistics Base is presented by programme, and resource requirements for each programme are shown by object of expenditure. **The Advisory Committee recommends that this type of presentation be maintained in future budget submissions for the Logistics Base to facilitate budget analysis and comparison.**

12. The Advisory Committee drew the attention of the representatives of the Secretary-General to a number of inconsistencies in the budget presentation. For example, in table 2 of section II.A of the budget report the column headed "Percentage" should not have indicated 100 per cent variances under those budget lines where no resources are shown in the column headed "Apportionment", since there is no basis for comparison; part III, "Analysis of variances", of the proposed budget should have provided a much better justification of all resource requirements, and especially of significant variances, and should have identified more clearly resource growth as opposed to an increase due to a redistribution of resources among programmes. The budget submission should also identify more clearly requirements related to the strategic deployment stocks. The Secretariat assured the Committee that corrective measures would be taken to improve the budget presentation.

13. The Advisory Committee points out that the Board of Auditors commented on several aspects of the management of the Logistics Base in its report on United Nations peacekeeping operations (A/57/5 (vol. II)).[1] The Committee is concerned about the Board's findings, particularly those in paragraphs 31, 32, 33 (b), 33 (c) and 129 of that report. The Committee sought clarification with regard to the Board's finding in paragraph 31 concerning a large amount for pending write-offs ($20.4 million) at the Logistics Base. The Committee was informed that of the assets referred to by the Board, assets valued at $11.1 million were disposed of by sale in May 2002 and residual property valued at $2 million was disposed of by other

means, including destruction and cannibalization. Assets valued at $13.1 million were thus removed from the write-off inventory subsequent to the receipt of sale/disposal certificates in July 2002. To prevent future accumulations of written-off material, management has decided to make retired-asset sales an annual event. Additionally, in view of the fact that items received at the Logistics Base were not always suitable for reuse, the criteria by which items are sent to the Logistics Base have been reviewed and the Department of Peacekeeping Operations has issued guidelines to improve the quality of the equipment sent to the Logistics Base. Policy documents are being actively developed in the light of the new strategic deployment stocks items and replenishment requirements to ensure that only items suitable for reuse in field missions are returned to the Logistics Base.

Civilian personnel costs

14. The estimated requirements of $7,091,300 (gross) for civilian personnel reflect an increase of $754,400. The Committee points out that the bulk of the proposed increase ($553,500) relates to the fact that the full 12-month funding is now required for the previously authorized 8 international and 12 national staff posts in support of the strategic deployment stocks that were funded for six months only. The Committee notes that the estimated requirements for civilian personnel are based on the assumption of a 15 per cent vacancy rate for international staff and a 5 per cent vacancy rate for national staff.

15. Two new international Field Service posts are requested under the programme "Communications and information technology"; four new national staff posts are also requested under that programme, one in administration and three in training.

16. As indicated in paragraph 33 of the budget report (A/57/670 and Corr.1), two international posts at the Field Service level (one for an information technology supervisor and one for a communications supervisor) are proposed in the Communications and Information Technology Section to enhance and improve direct and indirect communications support for the Logistics Base and peacekeeping missions. The Advisory Committee sought clarification on the negative resource growth of $13,400 for international staff in the communications and information technology programme and was informed that it was due to the reduction in the cost parameters for Field Service staff and the application of a higher vacancy rate. As a result of these factors, the estimated cost of the 10 continuing posts for 2003/2004 was $126,000 less than the estimated cost of these posts for 2002/2003. This reduction was partially offset by the cost of two additional Field Service posts, estimated at $112,600, resulting in the negative growth of $13,400. **The Committee has no objection to the proposed establishment of these two Field Service posts.**

17. As indicated in paragraph 6 of the budget report, one new national staff post at the Professional level is proposed for a contract management officer to manage and administer contracts, monitor vendor performance and compliance and streamline contractual operations. **The Advisory Committee has no objection to the establishment of this post.**

18. The proposal to establish three posts at the national level is set out in paragraphs 20 to 22 of the budget report. **The Advisory Committee understands from the supplementary information provided by the Secretariat that of the three requested national staff posts for training, one is at the Professional level and two are at the Local level. The Committee has no objection to the proposed**

establishment of these three national staff posts (see also para. 24 below). According to the Secretariat, these three posts (one chief training officer, one training clerk and one administrative clerk) will form a training section, which is necessary to support the Logistics Base's expanding role as a training centre. As indicated in paragraph 20 of the report, it is anticipated that the Logistics Base will conduct 100 courses with 1,400 participants during the budget period; there are currently no staff assigned to training support. The Committee was informed that only one training course was conducted at the Logistics Base in 1998.

19. The Advisory Committee points out that missions have been delegated the authority to decide on training for their own staff. However, as remarked by the Committee in its analysis of individual mission budgets and in its general report on peacekeeping operations (A/57/772), the Department of Peacekeeping Operations should set stricter standards and guidelines for training priorities and the use of trained staff in the areas of expertise for which they have been trained. **In this connection, the Committee expresses concern at the fact that the Civilian Training Section of the Department of Peacekeeping Operations, for which seven posts were authorized, has yet to become fully operational.**

Operational costs

20. The estimated requirements of $16,171,600 for operational costs reflect an increase of $8,215,300, or 103.1 per cent, compared with the apportionment for the current budget period. As shown in table 1 of section II.A of the budget report, the largest increases in operational costs fall under the budget lines "Communications" ($4.1 million), "Information technology" ($1.4 million), "Facilities and infrastructure" ($1.3 million) and "Miscellaneous supplies, services and equipment" ($1.1 million). **The Advisory Committee is not satisfied with the justification for the increases in resource requirements contained in the budget report and points out that in some cases the explanations are simply generic. For example, paragraphs 36 and 37 of the report contain almost identical and unsubstantiated explanations of an increase of $4.1 million under "Communications" and an increase of $1.8 million under "Information technology". The Committee was provided, upon request, with additional information on the proposed increases. The Committee stresses the necessity of adequate explanation and justification for these resources and trusts that future budget submissions will reflect this requirement.**

21. **In view of the support provided by the Logistics Base to the peacekeeping missions, as well as the funds and programmes and specialized agencies, the Advisory Committee does not object to the estimates for communications ($5,218,100) and information technology ($2,391,700) at the Logistics Base. Nevertheless, in examining the budgets of individual peacekeeping operations, the Committee observed that technological innovations and improvements are largely implemented on an ad hoc basis. It is essential for the field missions to prepare a plan for purchases of communications equipment, hardware and software on the basis of functional requirements. In addition, a time frame for completion of communications or information technology projects should be clearly indicated. The Communications and Information Technology Section could provide backstopping support on the basis of a comprehensive analysis of projected requirements; this should help to reduce the possibility of**

overexpenditure for the acquisition or replacement of communications equipment and information technology items.

22. **Further, the Advisory Committee notes that the Logistics Base has slowly emerged as a global hub for communications and information technology support for peacekeeping operations. Therefore, the Committee requests a comprehensive examination of the merit of transferring to the Logistics Base post and non-post resources of the support account earmarked for helping to meet the communications and information technology needs of peacekeeping operations, retaining at Headquarters only a few posts for policy and liaison functions.**

23. With regard to the proposed increase of $1,071,500 for miscellaneous supplies, services and equipment, the Advisory Committee notes from paragraphs 19, 32, 38 and 40 of the budget report, which provide essentially identical explanations of the variances, that the bulk of the increase ($712,000) relates to contractual services required to assist in the rotation of strategic deployment stocks. The Committee points out that the strategic deployment stocks budget contains, as indicated in paragraph 31 below, an expenditure of $1.1 million for essentially the same purpose, although budgeted for general temporary assistance. In view of this, and taking into account the slow progress in setting up the strategic deployment stocks and the fact that 20 new posts were previously authorized for this activity (see A/56/887/Add.10, para. 23), **the Committee sees no adequate justification for the large increase requested and recommends that the proposed resource requirements be reduced by $712,000.**

24. With regard to the proposed increase of $294,800 for training, which represents resource growth of 75.4 per cent over the apportionment of $391,200 for the current financial period, the Advisory Committee notes from paragraph 24 of the budget report that the increase would provide for the cost of trainers required to conduct 100 training courses. In the course of its review of the individual budgets of peacekeeping operations and of the Secretary-General's report on the overview of the financing of the United Nations peacekeeping operations (A/57/723), the Committee was informed that a provision of $720,000 has been included for trainers' fees in mission budgets. **The Committee recommends, therefore, that the proposed increase of $294,800 in the budget of the Logistics Base be deleted. The Committee stresses that the Department of Peacekeeping Operations should ensure that each mission is charged promptly its share of costs related to the training of its personnel at the Logistics Base.**

25. The estimated requirements of $219,200 for official travel reflect an increase of $48,000, or 28 per cent, compared with the apportionment for the current financial period. **The Advisory Committee points out that the proposed increase is not justified in the budget report. Similarly, the explanations of variances for this object of expenditure contained in paragraphs 29 and 35 of the budget report, although relating to two different programmes of activity, are identical and equally unsubstantiated. Accordingly, the Committee does not recommend the approval of the proposed increase of $48,000 for official travel.**

26. Paragraph 10 of the report of the Secretary-General on the performance of the budget for the Logistics Base for the period from 1 July 2001 to 30 June 2002 (A/57/671) outlines the actions that need to be taken by the General Assembly in connection with the financing of the Logistics Base. **The Advisory Committee**

recommends that the General Assembly apply the unencumbered balance ($11,800), interest income ($289,000), other/miscellaneous income ($156,000) and savings on or cancellation of prior-period obligations ($246,000) to the resources required for the period from 1 July 2003 to 30 June 2004.

27. Paragraph 41 of the Secretary-General's proposed budget for the Logistics Base for the period from 1 July 2003 to 30 June 2004 (A/57/670 and Corr.1) outlines the actions to be taken by the General Assembly in connection with the financing of the Logistics Base. **The Advisory Committee recommends that the General Assembly approve the cost estimates for the Logistics Base in the amount of $22,208,100 gross for the period from 1 July 2003 to 30 June 2004.**

II. Status of the implementation of the strategic deployment stocks

28. As indicated in paragraph 2 of the report (A/57/751) of the Secretary-General on the status of the implementation of the strategic deployment stocks, the General Assembly approved $141.5 million to meet requirements related to implementation. Table 1 of the report contains information on the actual distribution of income to meet those requirements.

29. Section II of the report deals with implementation planning for the strategic deployment stocks. As indicated in paragraph 4, the Office of Mission Support of the Department of Peacekeeping Operations developed a detailed project plan for the strategic deployment stocks, which provided for three major milestones: (a) the ability to deploy a headquarters for a traditional mission; (b) the ability to deploy a traditional mission; and (c) the ability to deploy a complex mission.

30. The Advisory Committee notes from paragraph 8 of that report that in December 2002, the Department of Peacekeeping Operations achieved the first milestone and had positioned sufficient strategic deployment stocks assets at the Logistics Base to rapidly deploy a headquarters for a traditional peacekeeping mission. As indicated in paragraph 9 of the report, the current strategic deployment stocks holdings at the Logistics Base exceeded $32.5 million in value. According to the Secretariat, this amount represents the value of equipment transferred from the Department of Peacekeeping Operations reserve at the Logistics Base ($4.6 million), the value of surplus stocks transferred from several peacekeeping operations ($16.5 million) and the value of items procured from the resources approved by the General Assembly for acquisition of the strategic deployment stocks ($11.4 million). The Committee sought clarification with regard to the treatment of the total value of $21.1 million in equipment transferred from Department of Peacekeeping Operations reserves at the Logistics Base and from surplus stocks of several missions and was informed that this amount is in addition to the total of $141.5 million. The figure of $141.5 million was arrived at after taking into account $4.6 million worth of equipment that was available at the Logistics Base and that matched the requirements for strategic deployment stocks. Other equipment, which had become surplus in various missions and has been placed temporarily in the strategic deployment stocks inventory pending the arrival of new equipment, will be released from the inventory without replacement as soon as the new items procured for the stocks are received. The released items will be reissued to existing peacekeeping missions.

31. The Advisory Committee notes from paragraph 11 of the report that, as at 20 February 2003, obligations, disbursements and pre-encumbrances[2] related to strategic deployment stocks amounted to $115.8 million, including $1.1 million for general temporary assistance, compared with the total budget of $141.5 million approved by the General Assembly for the implementation of the strategic deployment stocks. **The Committee is of the view that the cost of services provided on a continuous, albeit temporary, basis should be charged to contractual services rather than to general temporary assistance.**

32. The Advisory Committee notes that of the total amount of $115.8 million, relatively small amounts reflect actual disbursements and obligations ($9.2 million and $30.8 million, respectively), while pre-encumbrance amounts to $74.7 million. **The Committee is concerned that the low level of disbursements and obligations is indicative of slow progress in the implementation of the strategic deployment stocks.** The Committee sought clarification with regard to the nature and validity of pre-encumbrance commitments and was informed that the pre-encumbrances of $74.7 million ($77.7 million as at 14 March 2003) represent requisitions raised by Department of Peacekeeping Operations commodity managers against the strategic deployment stocks account. The Procurement Division is processing the requisitions into purchase orders. Once purchase orders are issued, the pre-encumbrance total will be decreased by the amount of the requisition and the value of the purchase order will be obligated in the strategic deployment stocks accounts.

33. In paragraph 12 of the report, it is proposed that the validity period in respect of the resources approved by the General Assembly in its resolution 56/292 be extended to 30 June 2004. The Secretariat has said that it intends to utilize 100 per cent of the approved resources ($141,546,000) to establish the strategic deployment stocks. **The Advisory Committee has no objection to the Secretary-General's proposal.**

34. **The Advisory Committee recommends that in the future the Secretary-General consolidate the report on the implementation of the strategic deployment stocks with the report on the budget and performance of the United Nations Logistics Base at Brindisi to avoid the preparation of two separate documents.**

35. The Committee welcomes the information on the liquidation of closed missions provided in section IV of A/57/751 and efforts by the Secretariat to expedite the liquidation process.

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5 (vol. II)).

[2] Requisitions that are being processed prior to raising obligations.

Annex

United Nations Logistics Base at Brindisi: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3) = (1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	-	-	-
Civilian police	-	-	-
Formed police units	-	-	-
Subtotal, line 1	-	-	-
II. Civilian personnel			
International staff	2 823.3	1 794.3	1 029.0
National staff	3 513.6	1 762.0	1 751.6
United Nations Volunteers	-	-	-
Subtotal, line 2	**6 336.9**	**3 556.3**	**2 780.6**
III. Operational costs			
General temporary assistance	-	-	-
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	10.5	-	10.5
Official travel	171.2	162.2	9.0
Facilities and infrastructure	2 835.4	994.8	1 840.6
Ground transportation	1 404.7	444.6	960.1
Air transportation	-	-	-
Naval transportation	-	-	-
Communications	1 123.2	412.8	710.4
Information technology	1 023.5	661.3	362.2
Medical	36.0	-	36.0
Special equipment	-	-	-
Miscellaneous supplies, services and equipment	1 351.8	651.2	700.6
Quick-impact projects	-	-	-
Subtotal, line 3	**7 956.3**	**3 326.9**	**4 629.4**
Gross requirements	**14 293.2**	**6 883.2**	**7 410.0**
Staff assessment income	1 225.1	577.7	647.4
Net requirements	**13 068.1**	**6 305.5**	**6 762.6**
Voluntary contributions in kind (budgeted)	-	-	-
Total requirements	**14 293.2**	**6 883.2**	**7 410.0**